

## Annex I

### SCHEDULE OF KOREA

#### EXPLANATORY NOTE

1. The Schedule of Korea to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), Korea's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Boards of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligation Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13.1(a) (Non-Conforming Measures) and 10.6.1(a) (Non-Conforming Measures), shall not apply to the non-conforming aspects of the law, regulation, or other measures, as set out in paragraph 3;
- (c) **Measures**<sup>1</sup> identifies the laws, regulations, or other measures for which the entry is made. 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
- (d) **Description** sets out commitments, if any, for liberalization on the date of entry into force of this Agreement, and the remaining non-conforming aspects of the measure for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be

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<sup>1</sup> For greater certainty, a change in the level of government at which a measure is administered or enforced does not, by itself, decrease the conformity of the measure with the obligations referred to in Article 9.13.1 and Article 10.6.1.

considered. An entry shall be interpreted in light of the relevant Articles of the Chapters against which the entry is made. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Articles 9.13.1(a) (Non-Conforming Measures) and 10.6.1(a) (Non-Conforming Measures) and subject to Articles 9.13.1(c) and 10.6.1(c), the Articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that entry.

5. Where Korea maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favored-Nation Treatment), or 10.5 (Local Presence) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.9 (Performance Requirements) to the extent of that measure.

6. A “foreign person” means a foreign national or an enterprise organized under the laws of another country.

7. For greater certainty, Articles 10.2 (National Treatment) and 10.5 (Local Presence) are separate disciplines and a measure that is only inconsistent with Article 10.5 (Local Presence) need not be reserved against Article 10.2 (National Treatment).

<b>1. Sector:</b>	Construction Services
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Framework Act on the Construction Industry</i> (Law No. 14015, February 3, 2016), Articles 9 and 10</p> <p><i>Enforcement Decree of the Framework Act on the Construction Industry</i> (Presidential Decree No. 26979, February 11, 2016), Article 13</p> <p><i>Enforcement Regulations of the Framework Act on the Construction Industry</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 289, February 12, 2016), Articles 2 and 3</p> <p><i>Information and Communications Construction Business Act</i> (Law No. 13589, December 22, 2015), Article 14</p> <p><i>Fire Fighting System Installation Business Act</i> (Law No. 13918, January 27, 2016), Articles 4 and 5</p> <p><i>Enforcement Decree of the Fire Fighting System Installation Business Act</i> (Presidential Decree No. 26915, January 19, 2016), Article 2 (Table 1)</p> <p><i>Enforcement Regulations of the Fire Fighting System Installation Business Act</i> (Ordinance of the Prime Minister No. 1247, January 27, 2016), Article 2</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies construction services in Korea must, prior to the signing of the first contract related to such services, establish an office in Korea.</p>

<b>2. Sector:</b>	Leasing, Rental, Maintenance, Repair, Sales, and Disposal Services Related to Construction Machinery and Equipment
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Construction Machinery Management Act</i> (Law No. 13784, January 19, 2016), Article 21</p> <p><i>Enforcement Decree of the Construction Machinery Management Act</i> (Presidential Decree No. 26844, December 31, 2015), Articles 13, 14, 15 and 15-2</p> <p><i>Enforcement Regulations of the Construction Machinery Management Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 232, September 25, 2015), Articles 57 through 63, 65-2 and 65-3</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies leasing, rental, maintenance, repair, sales, and disposal services related to construction machinery and equipment must establish an office in Korea.</p>

<b>3. Sector:</b>	Transportation Services - Automobile Maintenance, Repair, Sales, Disposal, and Inspection Services; Automobile License Plate Issuing Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Automobile Management Act</i> (Law No. 13486, August 11, 2015), Articles 20, 44, 45 and 53</p> <p><i>Enforcement Regulations of the Automobile Management Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 284, February 11, 2016), Articles 7, 8, 83, 87 and 111</p> <p><i>Rules on the Enforcement of Comprehensive Inspection of Automobiles, Etc.</i> (Ordinance of the Ministry of Environment No. 594, February 2, 2015), Article 16</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies automobile management services (which includes used car sales, maintenance, repair, and disposal services) must establish an office in Korea and obtain authorization from the head of the <i>si/gun/gu</i> (municipal authorities), which is subject to an economic needs test, as appropriate.</p> <p>A person that supplies automobile inspection services that is designated as a “designated repair facility” must establish an office in Korea.</p> <p>A person that supplies license plate manufacturing, delivery, and seal services that is designated as a “license plate issuing agency” must establish an office in Korea.</p>

<b>4. Sector:</b>	Distribution Services - Wholesale and Retail Distribution of Tobacco and Liquor
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Tobacco Business Act</i> (Law No. 11690, March 23, 2013), Articles 12, 13, and 16</p> <p><i>Enforcement Decree of the Tobacco Business Act</i> (Presidential Decree No. 24519, April 26, 2013), Articles 4 and 5</p> <p><i>Enforcement Regulations of the Tobacco Business Act</i> (Ordinance of the Ministry of Finance and Economy No. 131, March 3, 2010), Articles 5, 7 and 7-3</p> <p><i>Liquors Act</i> (Law No. 13248, March 27, 2015), Articles 8 through 10</p> <p><i>Enforcement Decree of the Liquors Act</i> (Presidential Decree No. 27056, March 25, 2016), Article 9</p> <p><i>Notice on Designation of Zone for Liquor License</i> (Notice of National Tax Service, No. 2015-21 (June 30, 2015) and <i>Notice on Sales of Liquor by Telecommunication Means</i> (Notice of National Tax Service, No. 2015-63 (December 31, 2016)</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies tobacco wholesale (including importation) or retail distribution services must establish an office in Korea.</p> <p>Only designated tobacco retailers may sell tobacco to retail buyers. The sale of tobacco to retail buyers by mail or in electronic commerce is prohibited.</p> <p>The distance between places of business of tobacco retailers must be at least 50 meters.</p> <p>A person that supplies liquor wholesale distribution services must establish an office in Korea and obtain authorization from the head of the relevant tax office, which is subject to an economic needs test.</p> <p>The sale of liquor by telephone or in electronic commerce is prohibited.</p>

<b>5. Sector:</b>	Agriculture and Livestock
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Foreign Investment Promotion Act</i> (Law No. 13854, January 27, 2016), Article 4</p> <p><i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 27751, December 30, 2016), Article 5</p> <p><i>Regulation on Foreign Investment</i> (Notice of the Ministry of Trade, Industry and Energy No. 2016-166, September 22, 2016), Attached table 2</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>Foreign persons shall not: (i) invest in an enterprise engaged in rice or barley farming; or (ii) hold 50 percent or more of the equity interest of an enterprise engaged in beef cattle farming.</p>

<b>6. Sector:</b>	Business Services - <i>An-gyung-sa</i> (Optician and Optometry) Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Medical Technicians, Etc. Act</i> (Law No. 14331, December 2, 2016), Article 12  <i>Enforcement Regulations of the Medical Technicians, Etc. Act</i> (Ordinance of the Ministry of Health and Welfare No. 462, December 30, 2016), Article 15
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  Only a natural person that is a licensed <i>an-gyung-sa</i> (optician or optometrist) that has established an office in Korea may engage in optician or optometry services.  An <i>an-gyung-sa</i> (optician or optometrist) shall not establish more than one office.



<b>7. Sector:</b>	Wholesale and Retail Distribution Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Pharmaceutical Affairs Act</i> (Law No. 13655, December 29, 2015), Articles 42 and 45</p> <p><i>Decree on the Facility Standards for Manufacturer and Importer of Pharmaceuticals</i> (Presidential Decree No. 24479, March 23, 2013), Article 6</p> <p><i>Enforcement Decree of the Pharmaceutical Affairs Act</i> (Presidential Decree No. 27673, December 13, 2016), Article 31-2</p> <p><i>Supply, Demand and Distribution of Oriental Medicinal Herbs Regulations</i> (Notice of the Ministry of Health and Welfare No. 2015-210, December 9, 2015), Articles 4 and 12</p> <p><i>Medical Devices Act</i> (Law No. 13698, December 29, 2015), Article 15</p> <p><i>Enforcement Regulations of the Medical Devices Act</i> (Ordinance of Prime Minister No. 1181, July 29, 2015), Article 29</p> <p><i>Health Functional Foods Act</i> (Law No. 13330, May 18, 2015), Article 6</p> <p><i>Enforcement Regulations of the Functional Foods Act</i> (Ordinance of the Prime Minister No. 1350, December 30, 2016), Articles 2 and 5</p> <p><i>Food Sanitation Act</i> (Law No. 13201, February 3, 2015), Articles 36 and 37</p> <p><i>Enforcement Decree of the Food Sanitation Act</i> (Presidential Decree No. 26936, January 22, 2016), Articles 23 and 24</p> <p><i>Enforcement Regulations of the Food Sanitation Act</i> (Ordinance of the Prime Minister No. 1349, January 4, 2016), Article 36 (attached table 14)</p> <p><i>Livestock Products Sanitary Control Act</i> (Law No. 14025, February 3, 2016), Articles 21, 22 and 24</p> <p><i>Enforcement Decree of the Livestock Products Sanitary Control Act</i> (Presidential Decree No. 27400, February 4, 2017), Articles 21 and 22</p> <p><i>Enforcement Regulations of the Livestock Products Sanitary Control Act</i> (Ordinance of the Prime Minister No. 1253, February 4, 2016), Article 29 (attached table 10)</p>

	<p><i>Special Act on Imported Food Safety Management</i> (Law No. 13201, February 3, 2015), Articles 14 and 15</p> <p><i>Enforcement Decree of the Special Act on Imported Food Safety Management</i> (Presidential Decree No. 26936, February 4, 2016), Article 2</p> <p><i>Enforce Regulations of the Special Act on Imported Food Safe Management</i> (Ordinance of the Prime Minister No. 1268, March 31, 2016), Article 15</p> <p><i>Testing and Inspection of Food and Drugs Act</i> (Law No. 14020, February 3, 2016), Article 6</p> <p><i>Enforcement Regulations of the Testing and Inspection of Food and Drugs Act</i> (Ordinance of the Prime Minister No. 1236, December 31, 2015), Article 2</p> <p><i>Act on the Control of Narcotics</i> (Law No. 14019, February 3, 2016), Articles 6 and 6-2</p> <p><i>Cosmetics Act</i> (Law No. 14027, February 3, 2016), Article 3</p> <p><i>Enforcement Regulations of the Cosmetics Act</i> (Ordinance of the Prime Minister No. 1182, July 29, 2015), Article 4</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies wholesale trade services must establish an office in Korea in order to receive an import business license to supply such services with respect to:</p> <ul style="list-style-type: none"> <li>(a) pharmaceuticals and related items;</li> <li>(b) medical devices; or</li> <li>(c) functional foods (including dietary supplements).</li> </ul> <p>To supply the following services a person must establish an office in Korea:</p> <ul style="list-style-type: none"> <li>(a) transportation, sales, and preservation (cold storage) of food and food additives;</li> <li>(b) food supply services;</li> <li>(c) food inspection services;</li> </ul>

	<p>(d) narcotic drug wholesale and retail distribution services; or</p> <p>(e) cosmetics (including functional cosmetics) supply services.</p> <p>The Minister of Health and Welfare controls the supply and demand of the wholesale distribution of imported designated <i>han-yak-jae</i> (Asian medicinal herbs).</p> <p>Certain liquor-selling bars and the wholesale and retail distribution of narcotics require authorization by the relevant authority.</p>
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<b>8. Sector:</b>	Retail Distribution Services of Pharmaceuticals
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Pharmaceutical Affairs Act</i> (Law No. 13655, December 29, 2015), Articles 20 and 21  <i>Enforcement Decree on the Pharmaceutical Affairs Act</i> (Presidential Decree No. 27673, December 13, 2016) Article 22-2
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  A person that supplies pharmaceutical product retail distribution services (including distribution of <i>han-yak-jae</i> (Asian medicinal herbs)) must establish a pharmacy in Korea.  That person shall not establish more than one pharmacy nor establish a pharmacy in the form of a corporation.

<b>9. Sector:</b>	Transportation Services - Rail Transportation and Incidental Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Railroad Enterprise Act</i> (Law No. 13688, December 29, 2015), Articles 5, 6 and 12</p> <p><i>Korea Railroad Corporation Act</i> (Law No. 13692, December 29, 2015), Article 9</p> <p><i>Railroad Construction Act</i> (Law No.13490, August 11, 2015), Article 8</p> <p><i>Framework Act on Railroad Industry Development</i> (Law No. 11690, March 23, 2013), Articles 3, 20, 26 and 38</p> <p><i>Korea Rail Network Authority Act</i> (Law No. 12995, January 6, 2015), Article 7</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The existing regulation broadly states that only juridical persons that have obtained authorization from the Minister of Land, Infrastructure and Transport may supply railroad transportation services. In practice, however, only juridical persons of Korean nationality (of which shares are 100 percent owned by the shareholders with Korean nationality) established by a Korean national may supply railroad transportation services on railroad routes constructed on or before 30 June, 2005.</p> <p>Only juridical persons that have obtained authorization from the Minister of Land, Infrastructure and Transport may supply railroad transportation services on railroad routes constructed on or after July 1, 2005. Such authorization is subject to an economic needs test.</p> <p>Only the central or local level of government, or the Korea Rail Network Authority may supply rail construction services and maintain and repair government-owned rail facilities (including high-speed rail). However, juridical persons that meet the criteria in the <i>Private Investment in Social Infrastructure Act</i> may supply rail construction service.</p>

<b>10. Sector:</b>	Transportation Services - Passenger Road Transportation Services (not including Taxis and Scheduled Passenger Road Transportation Services)
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Passenger Transport Service Act</i> (Law No. 13800, January 19, 2016), Article 5</p> <p><i>Enforcement Decree of the Passenger Transport Service Act</i> (Presidential Decree No. 27109, April 26, 2016), Article 3</p> <p><i>Enforcement Regulations of the Passenger Transport Service Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 304, April 21, 2016), Article 11</p> <p><i>Tramway Transport Service Act</i> (Law No. 13476, August 11, 2015), Article 4</p> <p><i>Enforcement Regulations of the Tramway Transport Service Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 169, December 31, 2014), Article 3</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies passenger road transportation services, not including taxis and scheduled passenger road transportation services, must establish an office in the <i>dang-hae-ji-yeok</i> (relevant geographic area) in Korea.</p>

<b>11. Sector:</b>	Transportation Services - International Maritime Cargo Transportation and Maritime Auxiliary Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Market Access (Article 10.4) Local Presence(Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Maritime Transportation Act</i> (Law No. 13186, February 3, 2015), Articles 24 and 33  <i>Enforcement Regulations of the Maritime Transportation Act</i> (Ordinance of the Ministry of Maritime Affairs and Fisheries No. 178, December 31, 2015), Articles 16, 19, 22, and 23  <i>Pilotage Act</i> (Law No. 11690, March 23, 2013), Article 6  <i>Ship Investment Company Act</i> (Law No. 11756, April 5, 2013), Articles 3 and 31
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  A person that supplies international maritime cargo transportation services must be organized as a <i>ChusikHoesa</i> (stock company) in Korea.  A ship investment company must also be organized as a <i>ChusikHoesa</i> (stock company) in Korea.  A person that engages in shipping brokerage services, maritime agency services and vessel maintenance services must be the company as stipulated under the <i>Korean Commercial Act</i> and registered according to the <i>Maritime Transportation Act</i> .  Only a Korean national may supply maritime pilotage services.

<b>12. Sector:</b>	Transportation Services - Air Transportation Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Aviation Act</i> (Law No. 14114, March 29, 2016), Articles 3, 6, 112, 113, 114, 132 and 135  <i>Enforcement Regulations of the Aviation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 308, May 11, 2016), Articles 14-2, 278, 278-3, 296-2, 298 and 299
<b>Description:</b>	<p><u>Investment</u></p> <p>The following persons shall not supply scheduled or non-scheduled domestic air transportation services or supply international air transportation services as Korean air carriers:</p> <ul style="list-style-type: none"> <li>(a) a foreign national;</li> <li>(b) a foreign government or a foreign <i>gong-gong-dan-che</i> (organization for public purposes);</li> <li>(c) an enterprise organized under foreign law;</li> <li>(d) an enterprise in which any of the persons referred to in subparagraphs (a) through (c) owns 50 percent or more of the equity interest, or has control; or</li> <li>(e) an enterprise organized under Korean law whose <i>dae-pyo-ja</i> (for example, a chief executive officer, president, or similar principal senior officer) is a foreign national or half or more of whose senior management are foreign nationals.</li> </ul> <p>A person that owns an aircraft or is authorized to operate a chartered aircraft must register the aircraft with the Minister of Land, Infrastructure and Transport. The persons listed in subparagraphs (a) through (e) are not allowed to register an aircraft.</p>



<b>13. Sector:</b>	Transportation Services - Aircraft-Use Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Aviation Act</i> (Law No. 14114, March 29, 2016), Articles 3, 6 and 134  <i>Enforcement Regulations of the Aviation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 308, May 11, 2016), Articles 15-2, 298 and 299-2
<b>Description:</b>	<p><u>Investment</u></p> <p>A person that supplies aircraft-<i>sa-yong</i> (use) services must register its self-owned or chartered aircraft with the Minister of Land, Infrastructure and Transport.</p> <p>The following persons shall not register an aircraft:</p> <ul style="list-style-type: none"> <li>(a) a foreign national;</li> <li>(b) a foreign government or a foreign <i>gong-gong-dan-che</i> (organization for public purposes);</li> <li>(c) an enterprise organized under foreign law;</li> <li>(d) an enterprise in which any of the persons referred to in subparagraphs (a) through (c) owns 50 percent or more of the equity interest, or has control; or</li> <li>(e) an enterprise organized under Korean law whose <i>dae-pyo-ja</i> (for example, a chief executive officer, president, or similar principal senior officer) is a foreign national or half or more of whose senior management are foreign nationals.</li> </ul> <p>For purposes of this entry, aircraft-<i>sa-yong</i> (use) services are services using an aircraft, and supplied upon request, for hire, other than for passenger or freight transportation, including but not restricted to aerial fire-fighting, forestry fire management, aerial advertising, flight training, aerial mapping, aerial investigation, aerial spraying, aerial photographing and other aerial agricultural activities, aerial inspections, glider towing, parachute jumping, aerial construction, heli-logging and observations.</p>

<b>14. Sector:</b>	Transportation Services - Road Transportation Support Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Passenger Transport Service Act</i> (Law No. 13800, January 19, 2016), Articles 36 and 37</p> <p><i>Enforcement Regulations of the Passenger Transport Service Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 304, April 21, 2016), Article 73</p> <p><i>Road Traffic Act</i> (Law No. 13829, January 27, 2016), Article 36</p> <p><i>Enforcement Decree of the Road Traffic Act</i> (Presidential Decree No. 26965, February 11, 2016), Article 17</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies bus terminal operation services, or car towing and storage services must establish a place of business in the relevant geographic area in Korea and obtain an authorization from the Minister of Land, Infrastructure and Transport, head of local police, or head of <i>shi/gun</i>, as appropriate, which is subject to an economic needs test.</p>

<b>15. Sector:</b>	Courier Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Aviation Act</i> (Law No. 14114, March 29, 2016), Article 139</p> <p><i>Enforcement Regulations of the Aviation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transportation No. 308, May 11, 2016), Article 306</p> <p><i>Trucking Transport Business Act</i> (Law No. 13812, January 19, 2016), Articles 3, 24 and 29</p> <p><i>Enforcement Regulations of Trucking Transportation Business Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 276, January 7, 2016), Articles 6, 34 and 41-2</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>To supply international courier services that include commercial document delivery services, as specified in Article 3 of the <i>Enforcement Decree of the Postal Services Act</i>, a person must establish an office in Korea.</p> <p>In order to obtain a trucking business license from the Minister of Land, Infrastructure and Transport, a domestic courier services supplier must establish an office in the relevant geographic area. Such a license is subject to an economic needs test.</p> <p>For greater certainty, a person acquiring a domestic courier services supplier does not need to obtain a new trucking business license provided that the acquirer operates under the same terms and conditions as set out in the acquiree's license.</p>

<b>16. Sector:</b>	Telecommunications Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Telecommunications Business Act</i> (Law No. 13823, January 27, 2016), Articles 6, 7, 8, 21 and 87  <i>Telecommunications Business Act</i> (Law No. 5385, August 28, 1997), Addenda Article 4  <i>Radio Waves Act</i> (Law No. 13012, January 20, 2015), Articles 13 and 20
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>A license for facilities-based public telecommunications services or a registration for non-facilities-based public telecommunications services shall be granted only to a juridical person organized under Korean law.</p> <p>A license for facilities-based public telecommunications services shall not be granted to or held by a juridical person organized under Korean law in which a foreign government, foreign person, or deemed foreign person holds in the aggregate more than 49 percent of the juridical person's total voting shares.</p> <p>A foreign government, foreign person, or deemed foreign person shall not in the aggregate hold more than 49 percent of the total voting shares of a facilities-based supplier of public telecommunications services. In addition, with respect to KT Corporation (KT), a foreign government, foreign person, or deemed foreign person shall not be the largest shareholder of KT, except if it holds less than five percent of the total voting shares of KT.</p> <p>For Costa Rica, Honduras, Nicaragua, and Panama, no later than two years after this Agreement enters into force, Korea shall permit:</p> <ul style="list-style-type: none"> <li>(a) a deemed foreign person to hold up to 100 percent of the total voting shares of a facilities-based supplier of public telecommunications services organized under Korean law, other than KT and SK Telecom Co., LTD (SK Telecom); and</li> <li>(b) a facilities-based supplier of public telecommunications services organized under Korean law in which a deemed foreign person holds up to 100 percent of its total voting shares to obtain or hold a license for facilities-based public telecommunications services.</li> </ul>

A foreign government, or its representative, or a foreign person shall not obtain or hold a radio station license.

A foreign person shall not supply cross-border public telecommunications services into Korea, except through a commercial arrangement with a supplier of public telecommunications services that is licensed in Korea.

For purposes of this entry:

- (a) **deemed foreign person** means a juridical person organized under Korean law in which a foreign government or a foreign person (including a “specially related person” under subparagraph 3 of Article 36 of the *Securities Exchange Act*) is the largest shareholder and holds 15 percent or more of that juridical person’s total voting shares, but does not include a juridical person that holds less than 1 percent of the total voting shares of a facilities-based supplier of public telecommunications services;
- (b) consistent with Article 5.2 of the *Telecommunications Business Act* (Law No. 13823, January 27, 2016), a **facilities-based supplier** is a supplier that owns transmission facilities;
- (c) consistent with Article 5.3 of the *Telecommunications Business Act* (Law No. 13823, January 27, 2016), a **non-facilities-based supplier** is a supplier that does not own transmission facilities (but may own a switch, router or multiplexer) and supplies its public telecommunication services through transmission facilities of a licensed facilities-based supplier; and
- (d) consistent with subparagraph 3 of Article 2 of the *Telecommunications Basic Act* (Law No. 13586, December 22, 2015), **transmission facilities** means wireline or wireless transmission facilities (including circuit facilities) that connect transmitting points with receiving points.

<b>17. Sector:</b>	Real Estate Brokerage and Appraisal Services
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Licensed Real Estate Agents Act</i> (Law No. 12374, January 28, 2014), Article 9</p> <p><i>Enforcement Decree of the Licensed Real Estate Agents Act</i> (Presidential Decree No. 26892, January 12, 2016), Article 13</p> <p><i>Enforcement Regulations of the Licensed Real Estate Agents Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 173, January 6, 2015), Article 4</p> <p><i>Act on the Public Announcement of Values and Appraisal of Real Estate</i> (Law No. 12018, August 6, 2013), Article 27</p> <p><i>Enforcement Decree of the Act on Public Announcement of Values and Appraisal of Real Estate</i> (Presidential Decree No. 26632, November 11, 2015), Articles 65, 66, and 68</p> <p><i>Enforcement Regulations of the Act on Public Announcement of Values and Appraisal of Real Estate</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 303, April 21, 2016), Articles 25 and 26</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies real estate brokerage services or real estate appraisal services must establish an office in Korea.</p>

<b>18. Sector:</b>	Retail, Leasing, Rental and Repair Services Related to Medical Devices
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Medical Devices Act</i> (Law No. 13698, December 29, 2015), Articles 16 and 17  <i>Enforcement Regulations of the Medical Devices Act</i> (Ordinance of the Prime Minister No. 1181, July 29, 2015), Articles 35 and 37
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  A person that supplies retail, leasing, rental or repair services related to medical devices must establish an office in Korea.

<b>19. Sector:</b>	Rental Services - Automobiles
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Passenger Transport Service Act</i> (Law No. 13800, January 19, 2016), Articles 28 and 29</p> <p><i>Enforcement Regulations of the Passenger Transport Service Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 304, April 21, 2016), Articles 60, 61, 62 and 64</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies automobile rental services must establish an office in Korea.</p>



<b>20. Sector:</b>	Scientific Research Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Marine Scientific Research Act</i> (Law No. 12091, August 13, 2013), Articles 6, 7, and 8</p> <p><i>Territorial Sea and Contiguous Zone Act</i> (Law No. 10524, April 4, 2011), Article 5</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>A foreign person, a foreign government, or a Korean enterprise owned or controlled by a foreign person that intends to conduct marine scientific research (including joint research with a Korean national or a Korean enterprise) in the territorial waters or exclusive economic zone of Korea must obtain prior authorization or consent from the Minister of Oceans and Fisheries whereas a Korean national or a Korean enterprise not owned or controlled by a foreign person need only to provide notification to the Minister of Oceans and Fisheries.</p>

<b>21. Sector:</b>	Professional Services - Legal Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Attorney-at-law Act</i> (Law No. 12887, December 30, 2014), Articles 4, 7, 21, 21-2, 34, 45, 58-6 and 58-22</p> <p><i>Certified Judicial Scriveners Act</i> (Law No.12885, December 30, 2014), Articles 2, 3 and 14</p> <p><i>Notary Public Act</i> (Law No.11823, May 28, 2013), Articles 10, 16 and 17</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only a <i>byeon-ho-sa</i> (Korean-licensed lawyer) registered with the Korean Bar Association may supply legal services.</p> <p>Only a <i>byeon-ho-sa</i> (Korean-licensed lawyer) may establish the following types of legal entity: <i>beop-yool-sa-mu-so</i> (law office), <i>beop-mu-beop-in</i> (law company with the characteristics of partnership), <i>beop-mu-beop-in (yoo-han)</i> (limited liability law company), or <i>beop-mu-jo-hap</i> (limited liability partnership law office). For greater certainty, a person that is not a Korean-licensed lawyer is not permitted to invest in any of these types of legal entity.</p> <p>A <i>byeon-ho-sa</i> (Korean-licensed lawyer) or <i>beop-mu-sa</i>(Korean-certified judicial scrivener) who practices in Korea must establish an office in the jurisdiction of the district court in which he or she practices. A <i>gong-jeung-in</i> (Korean notary public) must establish an office in the jurisdiction of the district office of the public prosecutor in which he or she practices.</p> <p>This entry is subject to the commitments undertaken in the entry for Legal Services – Foreign Legal Consultants in the Schedule to Annex II.</p>

<b>22. Sector:</b>	Professional Services - Labor Affairs Consulting Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Certified Labor Affairs Consultant Act</i> (Law No. 13898, January 27, 2016), Articles 5, 6, 7-2, 7-3 and 7-4</p> <p><i>Enforcement Decree of the Certified Labor Affairs Consultant Act</i> (Presidential Decree No. 27108, April 26, 2016), Articles 15 and 19-2</p> <p><i>Enforcement Regulations of the Certified Labor Affairs Consultant Act</i> (Ordinance of the Ministry of Employment and Labor No. 154, April 26, 2016), Articles 6 and 10-2</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only a <i>gong-in-no-mu-sa</i> (Korean-licensed labor affairs consultant) registered under the <i>Certified Labor Affairs Consultant Act</i> may supply labor affairs consulting services.</p> <p>A person that supplies labor affairs consulting services must establish an office in Korea.</p> <p>For greater certainty, an enterprise that supplies labor affairs consulting services must consist of at least two <i>gong-in-no-mu-sa</i> (Korean-licensed labor affairs consultant) (including the natural person who is the founder) and must obtain authorization from the Minister of Employment and Labor.</p>

<b>23. Sector:</b>	Professional Services - Patent Attorney ( <i>byeon-ri-sa</i> )
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Patent Attorney Act</i> (Law No. 11962, July 30, 2013), Articles 3, 5, 6-2, and 6-3
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only a <i>byeon-ri-sa</i> (Korean-licensed patent attorney) who is registered with the Korean Intellectual Property Office may supply patent attorney services.</p> <p>Only a <i>byeon-ri-sa</i> (Korean-licensed patent attorney) may establish <i>agae-in-sa-mu-so</i> (sole proprietorship) or a <i>teuk-heo-beop-in</i> (patent law firm). For greater certainty, a person that is not a Korean-licensed patent attorney shall not invest in either of these types of legal entity.</p> <p>A <i>byeon-ri-sa</i> (Korean-licensed patent attorney) may establish only one office.</p>

<b>24. Sector:</b>	Professional Services - Accounting and Auditing Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Certified Public Accountant Act</i> (Law No.13444, July 24, 2015), Articles 2, 7, 12 and 23  <i>External Audit of Stock Companies Act</i> (Law No. 12715, May 28, 2014), Article 3
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  Only a <i>gae-in-sa-mu-so</i> (sole proprietorships), <i>gam-sa-ban</i> (auditing task forces) or <i>hoe-gye-boep-in</i> (accounting corporation limited liability company) established in Korea by <i>gong-in-hoe-gye-sa</i> (Korean-certified public accountants) registered under the <i>Certified Public Accountant Act</i> may supply accounting and auditing services. For greater certainty, a person that is not a Korean-registered certified public accountant shall not invest in any of these types of legal entity.  Only <i>gong-in-hoe-gye-sa</i> (Korean-certified public accountants) in an auditing task force or an accounting corporation may supply auditing services regulated under the <i>External Audit of Stock Companies Act</i> .

<b>25. Sector:</b>	Professional Services - Tax Accountant ( <i>se-mu-sa</i> )
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Certified Tax Accountant Act</i> (Law No. 14045, March 2, 2016), Articles 6, 13, 16-3, and 20</p> <p><i>Corporate Tax Act</i> (Law No. 13555, December 15, 2015), Article 60</p> <p><i>Income Tax Act</i> (Law No. 13558, December 15, 2015), Article 70</p> <p><i>Guidelines Governing the Work of Tax Agents</i> (Order of the National Tax Service No. 1761, August 24, 2009), Articles 20 and 22</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only a <i>se-mu-sa-mu-so</i> (sole proprietorships), <i>se-mu-jo-jeong-ban</i> (tax reconciliation task forces) or, <i>se-mu-beop-in</i> (tax agency corporation limited liability company) established in Korea by <i>se-mu-sa</i> (Korean-certified tax accountants) registered under the <i>Certified Tax Accountant Act</i> may supply <i>se-mu-sa</i> (Korean-certified tax accountants) services, including tax reconciliation services and tax representative services. For greater certainty, a person that is not a Korean-registered certified tax accountant shall not invest in any of these types of legal entity.</p> <p>Only a tax reconciliation task force or a tax agency corporation may supply tax reconciliation services.</p>

<b>26. Sector:</b>	Professional Services - Customs Clearance Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Licensed Customs Broker Act</i> (Law No. 14036, March 2, 2016), Articles 3, 7, 9, 10, 12, 17-2, 17-4, 17-8, 17-13, 19 and 25
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only a <i>gwan-se-sa</i> (customs broker) licensed under the <i>Licensed Customs Brokers Act</i>, a corporation incorporated by such customs brokers, or a corporation licensed to engage in the customs-clearance brokerage business under the <i>Licensed Customs Broker Act</i> may supply customs-clearance services.</p> <p>A person that supplies customs-clearance services must establish an office in Korea.</p>

<b>27. Sector:</b>	Engineering and Other Technical Services - Industrial Safety, Health Institution, and Consulting Services
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Industrial Safety and Health Act</i> (Law No. 11862, June 4, 2013), Articles 15, 16 and 52-4</p> <p><i>Enforcement Decree of the Industrial Safety and Health Act</i> (Presidential Decree No. 26985, February 17, 2016), Articles 15-2, 15-3, 19-2 and 19-3</p> <p><i>Enforcement Regulations of the Industrial Safety and Health Act</i> (Ordinance of the Ministry of Employment and Labor No. 150, February 17, 2016), Articles 17, 18, 20, 21 and 136-8</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies safety and health management or diagnostic services to industrial workplaces must establish an office in Korea.</p> <p>A person that supplies industrial safety or hygiene consulting services, such as evaluation and instruction on safety in a work process and evaluation and instruction on the improvement of work environments, must establish an office in Korea.</p>



<b>28. Sector:</b>	Engineering and Other Technical Services - Architectural Services, Engineering Services, Integrated Engineering Services, Urban Planning and Landscape Architectural Services
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Certified Architects Act</i> (Law No. 13472, August 11, 2015), Article 23</p> <p><i>Enforcement Decree of the Certified Architects Act</i> (Presidential Decree No. 26975, February 11, 2016), Articles 22 and 23</p> <p><i>Enforcement Regulations of the Certified Architects Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 285, February 11, 2016), Article 13</p> <p><i>Engineering Industry Promotion Act</i> (Law No. 13852, January 27, 2016), Article 21</p> <p><i>Enforcement Decree of the Engineering Industry Promotion Act</i> (Presidential Decree No. 25751, November 19, 2014), Article 33</p> <p><i>Professional Engineers Act</i> (Law No. 13705, January 6, 2016), Article 6</p> <p><i>Special Act on the Safety Control of Public Structures</i> (Law No. 13799, January 19, 2016), Article 9</p> <p><i>Enforcement Decree of the Special Act on the Safety Control of Public Structures</i> (Presidential Decree No. 27115, April 29, 2016), Article 11</p> <p><i>Construction Technology Promotion Act</i> (Law No. 13671, December 29, 2015), Article 26</p> <p><i>Enforcement Decree of the Construction Technology Promotion Act</i> (Presidential Decree No. 27176, May 17, 2016), Article 44</p> <p><i>Enforcement Regulations of the Construction Technology Promotion Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 312, May 25, 2016), Article 21</p> <p><i>Environmental Testing and Inspection Act</i> (Law No. 13176, February 3, 2015), Article 16</p> <p><i>Framework Act on the Construction Industry</i> (Law No. 14015, February 3, 2016), Article 9</p>

	<p><i>Enforcement Decree of the Framework Act on the Construction Industry</i> (Law No. 27115, April 29, 2016), Article 9</p> <p><i>Act on the Establishment, Management, Etc. of Spatial Data</i> (Law No. 13426, July 24, 2015), Article 44</p> <p><i>Enforcement Decree of the Act on the Establishment, Management, Etc. of Spatial Data</i> (Presidential Decree No. 26922, January 22, 2016), Articles 34, 35, 36, 45, 46, and 47</p> <p><i>Hot Spring Act</i> (Law No. 13401, July 20, 2015), Article 7</p> <p><i>Fire Fighting System Installation Business Act</i> (Law No. 13918, January 27, 2016), Article 4</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies architectural services, engineering services, integrated engineering services, urban planning and landscape architectural services, or surveying and map-making services (not including cadastral surveying and cadastral map-making services) must establish an office in Korea.</p> <p>For greater certainty, this entry shall not apply to the supply of services by a foreign architect through a joint contract with a Korean-licensed architect.</p>

<b>29. Sector:</b>	Business Services - Electronic Billboard Operator Services and Outdoor Advertisement Services
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Broadcasting Act</i> (Law No. 13341, June 22, 2015), Articles 13 and 73  <i>Act on the Management of Outdoor Advertisements, Etc. and Promotion of Outdoor Advertisement Industry</i> (Law No. 13726, January 6, 2016), Article 11  <i>Enforcement Decree of the Outdoor Advertisements, Etc. Management Act</i> (Presidential Decree No. 26852, December 31, 2015), Articles 14 and 44
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  A foreign national or a Korean national who serves as a <i>dae-pyo-ja</i> (for example, a chief executive officer, president, or similar principal senior officer) of a foreign enterprise shall not serve as the <i>dae-pyo-ja</i> (for example, a chief executive officer, president, or similar principal senior officer) or chief programmer of an enterprise that supplies electronic billboard operator services.  At least 20 percent of the electronic billboard programs must be non-commercial public advertisements provided by the central or local government.  A person that supplies outdoor advertising services must establish an office in Korea.

<b>30. Sector:</b>	Business Services - Job Placement Services, Labor Supply and Worker Dispatch Services, and Education Services for Seafarers
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Employment Security Act</i> (Law No. 13049, January 20, 2015), Articles 19 and 33</p> <p><i>Enforcement Decree of the Employment Security Act</i> (Presidential Decree No. 27123, May 3, 2016), Articles 21 and 33</p> <p><i>Enforcement Regulations of the Employment Security Act</i> (Ordinance of the Ministry of Employment and Labor No. 158, June 16, 2016), Articles 17, 18 and 36</p> <p><i>Act on the Protection, Etc. of Dispatched Workers</i> (Law No. 12470, March 18, 2014), Articles 5, 7, 8, 9 and 10</p> <p><i>Enforcement Decree of the Act on the Protection, Etc. of Dispatched Workers</i> (Presidential Decree No. 26810, December 30, 2015), Articles 2 and 3</p> <p><i>Enforcement Regulations of the Act on the Protection, Etc. of Dispatched Workers</i> (Ordinance of the Ministry of Employment and Labor No. 141, December 30, 2015), Articles 3 and 5</p> <p><i>Special Act on Designation and Management of Free Economic Zones</i> (Law No. 13837, January 27, 2016), Article 17</p> <p><i>Seafarers Act</i> (Law No. 11024, August 4, 2011), Articles 106, 109, 110, 112, 115, 116, 117, 142 and 143</p> <p><i>Korea Institute of Maritime and Fisheries Technology Act</i> (Law No. 13272, March 27, 2015), Article 5</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>A person that supplies job placement services for a fee, worker supply services, or worker dispatch (secondment) services must establish an office in Korea.</p> <p>For transparency purposes as of October 29, 2013 the types of business to which workers may be seconded are limited to the 32 businesses set forth in the Presidential Decree, but the Minister of Employment and Labor can</p>

	<p>expand the types of business and the secondment period, pursuant to the review and determination by the Committee of the Free Economic Zone.</p> <p>Only the Korea Seafarers Welfare and Employment Center, regional offices of the Minister of Oceans and Fisheries, a seafarer management business operator, and an organization or institution related to maritime affairs and fisheries regulated under Seafarer Act may supply seafaring labor supply services.</p> <p>To supply seafarer management business services, a person must register with the Minister of Oceans and Fisheries and be the company as stipulated under the <i>Korean Commercial Act</i>.</p> <p>Only the Korea Institute of Maritime and Fisheries Technology may provide education and training for seafarers.</p>
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<b>31. Sector:</b>	Investigation and Security Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Security Services Industry Act</i> (Law No. 13814, January 26, 2016), Articles 3 and 4</p> <p><i>Enforcement Decree of the Security Services Industry Act</i> (Presidential Decree No. 26595, October 20, 2015), Articles 3 and 4</p> <p><i>Enforcement Regulations of the Security Services Industry Act</i> (Ordinance of the Ministry of Government Administration and Home Affairs, No. 36, September 24, 2015), Article 3</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only a juridical person organized under Korean law may supply security services in Korea.</p> <p>For transparency purposes, only five types of security services are permitted in Korea:</p> <ul style="list-style-type: none"> <li>(a) <i>shi-seol-gyung-bee</i> (facility security);</li> <li>(b) <i>ho-song-gyung-bee</i> (escort security);</li> <li>(c) <i>shin-byun-bo-ho</i> (personal security);</li> <li>(d) <i>gee-gye-gyung-bee</i> (mechanized security); and</li> <li>(e) <i>teuk-soo-gyung-bee</i> (special security).</li> </ul>

<b>32. Sector:</b>	Distribution Services Related to Publications
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Publishing Industry Promotion Act</i> (Law No. 13308, May 18, 2015), Articles 18, 19 and 19-3</p> <p><i>Enforcement Decree of the Publishing Industry Promotion Act</i> (Presidential Decree No. 26923, January 22, 2016), Article 12</p> <p><i>Enforcement Regulations of the Publishing Industry Promotion Act</i> (Ordinance of the Ministry of Culture, Sports and Tourism No. 242, January 22, 2016), Article 7</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Publications for the purpose of domestic distribution are subject to a review process on an <i>ad hoc</i> basis.</p>

<b>33. Sector:</b>	Transportation Services - Aircraft Maintenance and Repair Services
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Aviation Act</i> (Law No. 14114, March 29, 2016), Articles 137, 137-2 and 138  <i>Enforcement Regulations of the Aviation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 308, May 11, 2016), Articles 16, 304 and 305
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  A person that supplies aircraft maintenance and repair services must establish an office in Korea <sup>2</sup> .

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<sup>2</sup>For greater certainty, an establishment of office in Korea is not required to supply maintenance and repair services for a Korean aircraft in the territory of the other Party.



<b>34. Sector:</b>	Education Services - Higher Education
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Higher Education Act</i> (Law No. 14148, May 29, 2016), Articles 3, 4, 32, 42, and 43</p> <p><i>Enforcement Decree of the Higher Education Act</i> (Presidential Decree No. 26683, November 30, 2015), Article 28</p> <p><i>Private School Act</i> (Law No. 14154, May 29, 2016), Articles 3, 5, 10, and 21</p> <p><i>Enforcement Decree of the Private School Act</i> (Presidential Decree No. 24665, July 22, 2013), Article 9-3</p> <p><i>Decree for the Establishment of the Korea Air and Correspondence University</i> (Presidential Decree No. 24423, March 23, 2013), Articles 1 and 2</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>50 percent or more of the members of the board of directors of a private higher education institution must be Korean nationals. If a foreign person contributes 50 percent or more of the basic property of a higher education institution, only less than two-thirds of the members of the board of directors of such an institution may be foreign nationals.</p> <p>For purposes of this entry, “basic property of higher education institution” means real estate, property designated as basic property by the articles of association, property incorporated into the basic property according to decisions of the board of directors, and an annual budgetary surplus reserve of the institution.</p> <p>Only non-profit school juridical persons approved by the Minister of Education may establish higher education institutions (other than the types of institutions listed in the Schedule of Korea to Annex II) in Korea.</p> <p>The Minister of Education may restrict the total number of students per year in the fields of medicine, pharmacology, veterinary medicine, traditional Asian medicine, medical technicians, and higher education for pre-primary, primary, and secondary teachers, and higher education institution located in the Seoul Metropolitan Area.</p>

	<p>For purposes of this entry, “Seoul Metropolitan Area” includes the Seoul Metropolitan City, Incheon Metropolitan City and Gyeonggi Province.</p> <p>Only the central or local governments of Korea may establish higher education institutions for training of primary school teachers. Only the central government may establish higher education institutions that supply higher education services to the public through broadcasting.</p>
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<b>35. Sector:</b>	Education Services - Adult Education
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons</i> (Law No. 13805, January 19, 2016), Articles 2, 2-2, and 13</p> <p><i>Enforcement Decree of the Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons</i> (Presidential Decree No. 27056, March 25, 2016), Article 12</p> <p><i>Lifelong Education Act</i> (Law No. 14160, May 29, 2016), Articles 30, 33 through 38</p> <p><i>Foreign Investment Promotion Act</i> (Law No. 13854, January 27, 2016), Article 4</p> <p><i>Regulation on Foreign Investment</i> (Notice of the Ministry of Trade, Industry and Energy No. 2016-166, September 22, 2016), Attached table 1</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>The types of adult education institutions that a foreign person may establish in Korea are limited to:</p> <ul style="list-style-type: none"> <li>(a) <i>hag-won</i> (private teaching institutes for adults) related to lifelong and vocational education; and</li> <li>(b) no later than the date this Agreement enters into force, lifelong adult education facilities operated for purposes other than recognizing educational qualifications or conferring diplomas, which include: <ul style="list-style-type: none"> <li>(i) education facilities annexed to workplaces, non-governmental organizations, schools and media organizations;</li> <li>(ii) educational facilities related to the development of knowledge and human resources; and</li> <li>(iii) on-line lifelong education facilities, all of which are established for adults.</li> </ul> </li> </ul> <p>For purposes of this entry, <i>hag-won</i> (private teaching institutes for adults)</p>

	<p>are facilities that provide tutoring services on subjects related to lifelong or vocational education to ten people or more for a period of 30 days or longer.</p> <p>A foreign national hired by a private teaching institute for adults as a lecturer must possess at least a bachelor's degree or the equivalent and reside in Korea.</p>
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<b>36. Sector:</b>	Education Services - Vocational Competency Development Training Services
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Workers' Vocational Competency Development Act</i> (Law No. 13042, January 20, 2015), Articles 28, 32 and 36</p> <p><i>Enforcement Decree of the Workers' Vocational Competency Development Act</i> (Presidential Decree No. 26810, December 30, 2015), Articles 24 and 26</p> <p><i>Enforcement Regulations of the Workers' Vocational Competency Development Act</i> (Ordinance of the Ministry of Employment and Labor No. 141, December 30, 2015), Articles 12, 14 and 18</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies vocational competency development training services must establish an office in Korea.</p>

<b>37. Sector:</b>	Veterinary Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Veterinary Affairs Act</i> (Law No. 13028, January 20, 2015), Articles 4, 17, 22-2, 22-4 and 22-5  <i>Civil Act</i> (Law No.13125, February 3, 2015), Article 32
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  Only a person that is a licensed <i>soo-eui-sa</i> (veterinarian) that has established an office in Korea, including <i>dong-mul-jin-ryo-bub-in</i> (animal hospital legal entity) and <i>bee-young-ri-bub-in</i> (non-profit legal entity), may engage in veterinary or aquatic animal disease inspection services.

<b>38. Sector:</b>	Environmental Services - Waste Water Treatment Services, Waste Management Services, Air Pollution Treatment Services, Environmental Preventive Facilities Business, Environmental Impact Assessment, Soil Remediation and Groundwater Purification Services, and Toxic Chemical Control Services
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Water Quality and Aquatic Ecosystem Conservation Act</i> (Law No. 13879, January 27, 2016), Article 62</p> <p><i>Wastes Control Act</i> (Law No. 13411, July 20, 2015), Article 25</p> <p><i>Enforcement Decree of the Wastes Control Act</i> (Presidential Decree No. 26447, July 24, 2015), Article 8</p> <p><i>Clean Air Conservation Act</i> (Law No. 13874, January 27, 2016), Article 68</p> <p><i>Support for Environmental Technology and Environmental Industry Act</i> (Law No. 13892, January 27, 2016), Article 15</p> <p><i>Environmental Impact Assessment Act</i> (Law No. 13426, July 24, 2015), Article 54</p> <p><i>Soil Environment Conservation Act</i> (Law No. 13534, December 1, 2015), Article 23-7</p> <p><i>Groundwater Act</i> (Law No. 13383, June 22, 2015), Article 29-2</p> <p><i>Toxic Chemicals Control Act</i> (Law No. 13035, January 20, 2015), Article 28</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A person that supplies the environmental services listed in the Sector heading must establish an office in Korea.</p>

<b>39. Sector:</b>	Performance Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Public Performance Act</i> (Law No. 13298, May 18, 2015), Articles 6 and 7</p> <p><i>Enforcement Decree of the Public Performance Act</i> (Presidential Decree No. 27170, May 17, 2016), Articles 4 and 6</p> <p><i>Enforcement Regulations of the Public Performance Act</i> (Ordinance of the Ministry of Culture, Sports and Tourism No. 94, December 25, 2011), Article 4</p> <p><i>Enforcement Regulations of the Immigration Control Act</i> (Ordinance of the Ministry of Justice No. 799, October 10, 2013), Table 5</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A foreign person who intends to engage in a public performance in Korea, or a person who intends to invite a foreign person to engage in a public performance in Korea must obtain a recommendation from the Korea Media Rating Board.</p>



<b>40. Sector:</b>	News Agency( <i>News-tong-sin-sa</i> ) Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government</b>	Central
<b>Measures:</b>	<i>Act on the Promotion of News Communications</i> (Law No. 11690, March 23, 2013), Articles 7, 8, 9, 9-5, 16 and 28  <i>Enforcement Decree of the Act on the Promotion of News Communications</i> (Presidential Decree No. 24183, November 20, 2012), Articles 4 and 10  <i>Radio Waves Act</i> (Law No. 11712, March 23, 2013), Article 20
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  A <i>news-tong-sin-sa</i> (news agency) organized under foreign law may supply <i>news-tong-sin</i> (news communications) in Korea only under a contract with a news agency organized under Korean law which has a radio station license, such as Yonhap News.  The following persons shall not supply news agency services in Korea:  (a) a foreign government;  (b) a foreign person;  (c) an enterprise organized under Korean law whose <i>dae-pyo-ja</i> (for example, a chief executive officer, president, or similar principal senior officer) is not a Korean national or is a person not domiciled in Korea; or  (d) an enterprise organized under Korean law in which a foreign person holds 25 percent or more equity interest.  The following persons shall not serve as a <i>dae-pyo-ja</i> (for example, a chief executive officer, president, or similar principal senior officer) or editor of a news agency, or serve as <i>im-won</i> (a member of the board of directors) of Yonhap News or the News Agency Promotion Committee:  (a) a foreign national; or  (b) a Korean national not domiciled in Korea.  A foreign news agency may establish a branch or office in Korea for the sole purpose of collecting news. For greater certainty, such branch or office shall not distribute <i>news-tong-sin</i> (news communications) in Korea.

	<p>The following persons shall not obtain a radio station license:</p> <ul style="list-style-type: none"><li data-bbox="628 264 963 300">(a) a foreign national;</li><li data-bbox="628 338 1310 374">(b) a foreign government or its representative; or</li><li data-bbox="628 412 1267 448">(c) an enterprise organized under foreign law.</li></ul>
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<b>41. Sector:</b>	Manufacturing of Biological Products
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Pharmaceutical Affairs Act</i> (Law No. 13655, December 29, 2015), Article 42  <i>Regulations on Safety of Pharmaceuticals, Etc.</i> (Ordinance of the Prime Minister No. 1194, September 25, 2015)
<b>Description:</b>	<u>Investment</u>  A person who manufactures blood products must procure raw blood materials from a blood management body in Korea.

<b>42. Sector:</b>	Publishing of Periodicals (Excluding Newspapers)
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Act on the Promotion of Periodicals including Magazines</i> (Law No. 11690, March 23, 2013), Articles 20 and 29  <i>Enforcement Decree of Act on the Promotion of Periodicals including Magazines</i> (Presidential Decree No. 23807, May 23, 2012), Articles 17, 18, 19, and 20
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  The publisher or the editor-in-chief of an enterprise that publishes periodicals must be a Korean national.  The following persons shall not publish periodicals in Korea:  <ul style="list-style-type: none"> <li>(a) a foreign government or a foreign person;</li> <li>(b) an enterprise organized under Korean law whose <i>dae-pyo-ja</i> (for example, a chief executive officer, president, or similar principal senior officer) is not a Korean national; or</li> <li>(c) an enterprise organized under Korean law in which a foreign person holds more than 50 percent of share or equity interest.</li> </ul> A foreign person that publishes periodicals may establish a branch or office in Korea subject to authorization from the Minister of Culture, Sports and Tourism. Such branch or office may print and distribute its periodicals in Korea in the original language, provided that such periodicals are edited in the territory of the other Party.

<b>43. Sector:</b>	Distribution Services - Agriculture and Livestock
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Grain Management Act</i> (Law No. 12964, January 6, 2015), Article 12</p> <p><i>Livestock Industry Act</i> (Law No. 14481, December 27, 2016), Articles 30 and 34</p> <p><i>Seed Industry Act</i> (Law No. 13385, June 22, 2015), Article 42</p> <p><i>Feed Management Act</i> (Law No. 14481, December 27, 2016), Article 6</p> <p><i>Ginseng Industry Act</i> (Law No. 13360, June 22, 2015), Article 20</p> <p><i>Foreign Investment Promotion Act</i> (Law No. 13854, January 27, 2016), Article 4</p> <p><i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 27751, December 30, 2016), Article 5</p> <p><i>Regulation on Foreign Investment</i> (Notice of the Ministry of Trade, Industry and Energy No. 2016-166, September 22, 2016) Attached table 2</p> <p><i>Act on Distribution and Price Stabilization of Agricultural and Fishery Products</i> (Law No. 14290, December 2, 2016), Articles 15, 17 and 43</p> <p><i>Notice on TRQ Products</i> (Ministry of Agriculture, Food and Rural Affairs Notice No. 2016-168, December 21, 2016)</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>A foreign person shall not hold 50 percent or more of the shares or equity interest of an enterprise engaged in <i>yook-ryu</i> (meat) wholesaling.</p> <p>Only the Livestock Cooperatives under the <i>Agriculture Cooperative Act</i> may establish and manage a <i>ga-chook-sijang</i> (livestock market) in Korea.</p> <p>Only a local government may establish a <i>gong-yeong-domae-sijang</i> (public wholesale market).</p> <p>Only producers' organizations or public interest corporations prescribed in the <i>Enforcement Decree of the Act on Distribution and Price Stabilization of Agricultural and Fishery Products</i> may establish a <i>gong-pan-jang</i> (joint wholesale market).</p> <p>For greater certainty, Articles 10.2 (National Treatment) and 10.4 (Market Access) do not prevent Korea from adopting or maintaining</p>

	any measures with respect to the administration of WTO Tariff-Rate-Quota.
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<b>44. Sector:</b>	Energy Industry - Electric Power Generation Other Than Nuclear Power Generation; Electric Power Transmission, Distribution and Sales
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) <sup>3</sup>
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 14130, March 29, 2016), Article 168</p> <p><i>Enforcement Decree of Financial Investment Services and Capital Markets Act</i> (Presidential Decree No. 27037, March 11, 2016), Article 187</p> <p><i>Foreign Investment Promotion Act</i> (Law No. 13854, January 27, 2016), Article 4</p> <p><i>Enforcement Decree of the Foreign Investment Promotion Act</i>, (Presidential Decree No.27751, December 30, 2016), Article 5</p> <p><i>Public Notice for Foreign Investment and Technology Import</i> (No. 2015-142, July 13, 2015, Ministry of Trade, Industry and Energy), Appendix 2</p> <p><i>Designation of Public Corporation</i> (Notice of Ministry of Finance and Economy, No. 2000-17, September 28, 2000)</p> <p><i>Regulation on Supervision of Securities Business</i> (Financial Supervisory Commission Notice No. 2007-3, January 19, 2007), Sec. 7-6</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>The aggregate foreign share of KEPCO's issued stocks shall not exceed 40 percent. A foreign person shall not become the largest shareholder of KEPCO.</p> <p>The aggregate foreign share of power generation facilities, including cogeneration facilities of heat and power (GHP) for the district heating system (DHS), shall not exceed 30 percent of the total facilities in the territory of Korea.</p> <p>The aggregate foreign share of electric power transmission, distribution and sales businesses should be less than 50 percent. A foreign person shall not be the largest shareholder.</p>

<sup>3</sup>Paragraph (a) of the eighth entry of Korea's Schedule to Annex II shall not apply to this entry.

<b>45. Sector:</b>	Energy Industry - Gas Industry
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) <sup>4</sup>
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Act on the Improvement of Managerial Structure and Privatization of Public Enterprises</i> (Law No. 11845, May 28, 2013), Article 19</p> <p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 14130, March 29, 2016), Article 168</p> <p><i>Articles of Incorporation of the Korea Gas Corporation</i> (June 23, 2015), Article 11</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>Foreign persons, in the aggregate, shall not own more than 30 percent of the equity of KOGAS.</p>

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<sup>4</sup> Paragraph (a) of the eighth entry of Korea's Schedule to Annex II shall not apply to this entry.



<b>46. Sector:</b>	Recreational, Cultural, and Sporting Services - Motion Picture Projection Services
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Act on Promotion of Motion Pictures and Video Products</i> (Law No.11902, July 16, 2013), Articles 2, 27, and 40  <i>Enforcement Decree of the Act on Promotion of Motion Pictures and Video Products</i> (Presidential Decree No. 24036, August 13, 2012), Article 19
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Cinema operators must project Korean motion pictures for at least 73 days per year at each screen in Korea.

## Annex II

### SCHEDULE OF KOREA

#### EXPLANATORY NOTE

1. The Schedule of Korea to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Korea may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Boards of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligation Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13.2 (Non-Conforming Measures) and 10.6.2 (Non-Conforming Measures), do not apply to sectors, subsectors, or activities set out in the Schedule;
- (c) **Description** sets out the scope of the sectors, sub-sectors, or activities covered by the entry; and
- (d) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Articles 9.13.2 (Non-Conforming Measures) and 10.6.2 (Non-Conforming Measures), the Articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.

4. A “foreign person” means a foreign national or an enterprise organized under the laws of another country.

5. For greater certainty, Articles 10.2 (National Treatment) and 10.5 (Local Presence) are separate disciplines and a measure that is only inconsistent with Article

10.5 (Local Presence) need not be reserved against Article 10.2 (National Treatment).

<b>1. Sector:</b>	All Sectors
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<i>Foreign Investment Promotion Act</i> (Law No. 13854, January 27, 2016), Article 4  <i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 27751, December 30, 2016), Article 5
<b>Description:</b>	<p><u>Investment</u></p> <p>Korea reserves the right to adopt, with respect to the establishment or acquisition of an investment, any measure that is necessary for the maintenance of public order pursuant to Article 4 of the <i>Foreign Investment Promotion Act</i> (2016) and Article 5 of the <i>Enforcement Decree of the Foreign Investment Promotion Act</i> (2017), provided that Korea promptly provides written notice to the other Party that it has adopted such a measure and that the measure:</p> <ul style="list-style-type: none"> <li>(a) is applied in accordance with the procedural requirements set out in the <i>Foreign Investment Promotion Act</i> (2016), <i>Enforcement Decree of the Foreign Investment Promotion Act</i> (2017), and other applicable law;</li> <li>(b) is adopted or maintained only where the investment poses a genuine and sufficiently serious threat to the fundamental interests of society;</li> <li>(c) is not applied in an arbitrary or unjustifiable manner;</li> <li>(d) does not constitute a disguised restriction on investment; and</li> <li>(e) is proportional to the objective it seeks to achieve.</li> </ul>

<b>2. Sector:</b>	All Sectors
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 14130, March 29, 2016), Article 168
<b>Description:</b>	<p><u>Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to the transfer or disposition of equity interests or assets held by state enterprises or governmental authorities.</p> <p>Such a measure shall be implemented in accordance with the provisions of Chapter 18 (Transparency).</p> <p>This entry shall not apply to former private enterprises that are owned by the state as a result of corporate reorganization processes.</p> <p>For purposes of this entry:</p> <p>A <b>state enterprise</b> shall include any enterprise created for the sole purpose of selling or disposing of equity interests or assets of state enterprise or governmental authorities.</p> <p><u>Investment and Cross-Border Trade in Services</u></p> <p>Without prejudice to Korea's commitments undertaken in Annex I and Annex II, Korea reserves the right to adopt or maintain any measure with respect to the transfer to the private sector of all or any portion of services provided in the exercise of governmental authority.</p>

<b>3. Sector:</b>	Acquisition of Land
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<i>Act on Report on Real Estate Transactions, Etc.</i> (Law No. 13797, January 19, 2016), Articles 2, 3, 7, 8, 9 and 11  <i>Farmland Act</i> (Law No. 14242, May 29, 2016), Article 6
<b>Description:</b>	<p><u>Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to the acquisition of land by foreign persons, except that a juridical person shall continue to be permitted to acquire land where the juridical person:</p> <ul style="list-style-type: none"> <li>(a) is not deemed foreign under Article 2 of the <i>Act on Report on Real Estate Transactions, Etc.</i>, and</li> <li>(b) is deemed foreign under the <i>Act on Report on Real Estate Transactions, Etc.</i>, or is a branch of a foreign juridical person subject to approval or notification in accordance with the <i>Act on Report on Real Estate Transactions, Etc.</i>, if the land is to be used for any of the following legitimate business purposes: <ul style="list-style-type: none"> <li>(i) land used for ordinary business activities;</li> <li>(ii) land used for housing for senior management; and</li> <li>(iii) land used for fulfilling land-holding requirements stipulated by pertinent laws.</li> </ul> </li> </ul> <p>Korea reserves the right to adopt or maintain any measure with respect to the acquisition of farmland by foreign persons.</p>

<b>4. Sector:</b>	Firearms, Swords, Explosives, and Similar Items
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to the firearms, swords, explosives, gas sprays, electric shocks, and crossbows sector, including the manufacture, use, sale, storage, transport, import, export, and possession of firearms, swords, explosives, gas sprays, electric shocks, and crossbows.

<b>5. Sector:</b>	Disadvantaged Groups
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure that accords rights or preferences to socially or economically disadvantaged groups, such as the disabled, persons who have rendered distinguished services to the state, and ethnic minorities.

<b>6. Sector:</b>	State-Owned National Electronic/Information System
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure affecting the administration and operation of any state-owned electronic information system that contains proprietary government information or information gathered pursuant to the regulatory functions and powers of the government.  This entry shall not apply to payment and settlement systems related to financial services.



<b>7. Sector:</b>	Social Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent that they are social services established or maintained for public purposes: income security or insurance, social security or insurance, social welfare, public training; health; and child care.

<b>8. Sector:</b>	All Sectors
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure that is not inconsistent with Korea's obligations under Article XVI of GATS as set out in Korea's Schedule of Specific Commitments under the GATS(GATS/SC/48, GATS/SC/48/Suppl.1, GATS/SC/48/Suppl.1/Rev.1, GATS/SC/48/Suppl.2, GATS/SC/48/Suppl.3, and GATS/SC/48/Suppl.3/Rev.1).</p> <p>For purposes of this entry only, Korea's Schedule is subject to the following modifications:</p> <ul style="list-style-type: none"> <li>(a) for any sector and subsector with regard to which Korea's Annex I contains an entry (other than an entry with regard to "All Sectors") that does not list Market Access as one in the Obligations Concerned element, "None" is inscribed in the Market Access column for modes 1, 2, and 3, and "Unbound except as indicated in the Horizontal commitments section" is inscribed for mode 4;</li> <li>(b) for any sector and subsector with regard to which Korea's Annex I contains an entry (other than an entry with regard to "All Sectors") that lists a limitation to the Market Access obligation, that limitation is inscribed in the Market Access column with regard to the appropriate mode of supply; and</li> <li>(c) for any sector and subsector listed in Appendix II-1, Korea's Schedule is modified as indicated in the Appendix II-1.</li> </ul> <p>These modifications shall not affect any limitation relating to subparagraph (f) of paragraph 2 of Article XVI of GATS inscribed in the Market Access column of Korea's Schedule.</p> <p>For greater certainty, an entry of "None" in the Market Access column of Korea's Schedule shall not be construed to alter the application of Article 10.5 (Local Presence) as modified by Article 10.6 (Non-Conforming Measures).</p>

<b>9. Sector:</b>	All Sectors
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.</p> <p>Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:</p> <ul style="list-style-type: none"> <li>(a) aviation;</li> <li>(b) fisheries;</li> <li>(c) maritime matters, including salvage; or</li> <li>(d) railroad transportation.</li> </ul> <p>Korea reserves, vis-à-vis El Salvador, the right to adopt or maintain any measure regarding telecommunication services that accords differential treatments to countries under any bilateral or multilateral international agreements in force or signed after the date of entry into force of this Agreement.</p>

<b>10. Sector:</b>	Environmental Services- Treatment and Supply Services for Potable Water; Collection and Treatment Services for Municipal Sewage; Collection, Transportation, and Disposal Services for Municipal Refuse; Sanitation and Similar Services; Nature and Landscape Protection Services (Except for Environmental Impact Assessment Services)
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to the following environmental services: treatment and supply of potable water; collection and treatment of municipal sewage; collection, transportation, and disposal of municipal refuse; sanitation and similar services; and nature and landscape protection services (except for environmental impact assessment services).</p> <p>This entry shall not apply to the supply of the aforementioned services pursuant to a contract between private parties, to the extent private supply of such services is permitted under relevant laws and regulations.</p>

<b>11. Sector:</b>	Energy– Atomic Energy, Electric Power, and Gas Energy
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to the atomic energy industry such as nuclear power generation; manufacturing and supply of nuclear fuel; nuclear materials; radioactive waste treatment and disposal (including treatment and disposal of spent and irradiated nuclear fuel); radioisotope and radiation generation facilities; monitoring services for radiation; services related to nuclear energy; planning, maintenance, and repair services.</p> <p>Korea reserves the right to adopt or maintain any measure with respect to electric power generation, transmission, distribution, and sales.</p> <p>Any such measure shall not decrease the level of foreign ownership permitted in the electric power industry as provided by the entry in Korea’s Schedule to Annex I related to Energy Industry - Electric Power Generation Other Than Nuclear Power Generation; Electric Power Transmission, Distribution and Sales.</p> <p>Notwithstanding this entry, Korea shall not adopt or maintain any measure inconsistent with Article 9.9.1(f).</p> <p>Korea reserves the right to adopt or maintain any measure with respect to the import and wholesale distribution of natural gas and the operation of terminals and the national high pressure pipeline network.</p> <p>Any such measure shall not decrease the level of foreign ownership permitted in the gas industry as provided by the entry in Korea’s Schedule to Annex I related to Energy Industry - Gas Industry.</p>

<b>12. Sector:</b>	Distribution Services-Commission Agents' Services, Wholesaling and Retailing of Agricultural Raw Materials and Live Animals ( <i>nongchuksan mul</i> )
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to:</p> <ul style="list-style-type: none"> <li>(a) commission agents' services of agricultural raw materials, live animals, food products, beverage;</li> <li>(b) wholesaling trade services of grain, meat, poultry, grain powder, ginseng, red ginseng, fertilizers; and</li> <li>(c) retail services of rice, ginseng and red ginseng.</li> </ul>

<b>13. Sector:</b>	Manufacturing of Liquor
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment</u> Korea reserves the right to adopt or maintain any measure with respect to manufacturing of liquor.

<b>14. Sector:</b>	Transportation Services- Passenger Road Transportation Services (Taxi Services and Scheduled Passenger Road Transportation Services), Freight Road Transportation Services (not including Road Transportation Services Related to Courier Services), Internal Waterways Transportation Services and Space Transportation Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to taxi services and scheduled passenger road transportation services.</p> <p>Korea reserves the right to adopt or maintain any measure with respect to freight road transportation services, not including road transportation of containerized freight (excluding cabotage) by international shipping companies and road transportation services related to courier services regarding Most-Favored-Nation Treatment (MFN), Performance Requirements (PR), Senior Management and Boards of Directors (SMBD), and Local Presence (LP) obligations.</p> <p>Korea reserves the right to adopt or maintain any measure with respect to internal water ways transportation services and space transportation services.</p>



<b>15. Sector:</b>	Transportation Services-Storage and Warehousing Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to storage and warehousing services related to agricultural and livestock products.</p>

<b>16. Sector:</b>	Communication Services- Non-monopoly Postal Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<p><i>Postal Service Act</i> (Law No. 13584, December 22, 2015)</p> <p><i>Military Service Act</i> (Law No. 13425, July 24, 2015)</p> <p><i>Regulations on the Management of Common-Purpose Motor Vehicles</i> (Presidential Decree No. 26085, February 3, 2015)</p> <p><i>Foreign Investment Promotion Act</i> (Law No. 13854, January 27, 2016), Article 4</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to:</p> <ul style="list-style-type: none"> <li>(a) the supply of support services to postal offices by military service personnel or other personnel of equivalent status; and</li> <li>(b) the Minister of Science, ICT and Future Planning not needing authorization from the Minister of Land, Infrastructure and Transport in determining the total number of vehicles that may belong to the Ministry of Science, ICT and Future Planning and allocating the vehicles to postal offices.</li> </ul> <p>The Korean Postal Authority reserves exclusive rights for collecting, processing and delivering domestic and international letters.</p> <p>The exclusive rights of the Korean Postal Authority include the right of access to its postal network and operation thereof.</p>

<b>17. Sector:</b>	Communication Services - Broadcasting Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure relating to broadcasting services.

<b>18. Sector:</b>	Communication Services - Broadcasting and Telecommunications Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<i>Internet Multimedia Broadcasting Business Act</i> (Law No. 11690, March 23, 2013), Articles 4, 7, 9, 18 and 21  <i>Enforcement Decree of the Internet Multimedia Broadcasting Business Act</i> (Presidential Decree No. 24445, March 23, 2013), Article 20
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to subscription-based video services.  For purposes of this entry, <b>subscription-based video services</b> means subscription-based video services that are supplied to end-users over dedicated transmission capacity that the supplier owns or controls (including by leasing) and includes Internet Protocol-based Television (IPTV) and Interactive Broadcasting.

<b>19. Sector:</b>	Communication Services-Broadcasting and Audio-Visual Services
<b>Obligations Concerned:</b>	Most Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<i>Act on the Promotion of Motion Pictures and Video Products</i> (Law No. 11902, July 16, 2013)  <i>Notice on Broadcasting Programming, Etc.</i> (Korean Broadcasting Commission Notice No. 2008-135, December 31, 2008)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any preferential co-production arrangement for film or television productions. Official co-production status, which may be granted to a co-production produced under such a co-production arrangement, confers national treatment on works covered by a co-production arrangement.

<b>20. Sector:</b>	Communication Services-Broadcasting and Audio-Visual Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<p><i>Act on the Promotion of Motion Pictures and Video Products</i> (Law No. 11902, July 16, 2013), Articles 27 and 40</p> <p><i>Enforcement Decree of the Act on the Promotion of Motion Pictures and Video Products</i> (Presidential Decree No. 24036, August 13, 2012), Articles 10 and 19</p> <p><i>Enforcement Regulations of the Act on the Promotion of Motion Pictures and Video Products</i> (Ordinance of the Ministry of Culture, Sports and Tourism No.128, August 17, 2012)</p> <p><i>Notice on Programming</i> (Korean Broadcasting Commission Notice No. 2008-135, December 31, 2008)</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure setting criteria for determining whether broadcasting or audio-visual programs are Korean.</p>

<b>21. Sector:</b>	Business Services- Real Estate Services (not including Real Estate Brokerage and Appraisal Services)
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to real estate development, supply, management, sale, and rental services, except for brokerage and appraisal services.

<b>22. Sector:</b>	Business Services-Cadastral Surveying Services and Cadastral Map-Making Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to cadastral surveying services and cadastral map related services.</p>



<b>23. Sector:</b>	Business and Environmental Services- Examination, Certification, and Classification of Agricultural Raw Materials and Live Animals ( <i>nongchuksanmul</i> )
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to examination, certification, and classification of agricultural raw materials and live animal products.

<b>24. Sector:</b>	Business Services -Services Incidental to Agriculture, Hunting, Forestry and Fishing
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to services incidental to agriculture, forestry, and livestock, including genetic improvement, artificial insemination, rice and barley polishing, and activities related to a rice processing complex.</p> <p>Korea reserves the right to adopt or maintain any measure with respect to the supply of services incidental to agriculture, hunting, forestry, and fishing by the Agricultural Cooperatives, the Forestry Cooperatives, and the Fisheries Cooperatives.</p>

<b>25. Sector:</b>	Fishing
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to fishing activities in Korea's territorial waters and Exclusive Economic Zone.</p>

<b>26. Sector:</b>	Publishing of Newspapers
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<i>Act on the Promotion of Newspapers, Etc.</i> (Law No. 11690, March 23, 2013)  <i>Enforcement Decree of the Act on the Promotion of Newspapers, Etc.</i> (Presidential Decree No. 22151, May 4, 2010)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to the publishing (including printing and distribution) of newspapers.

<b>27. Sector:</b>	Education Services - Pre-Primary, Primary, Secondary, Higher and Other Education
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to pre-primary, primary, and secondary education; health and medicine-related higher education; higher education for prospective pre-primary, primary, and secondary teachers; professional graduate education in law; distance education at all education levels (except adult education services, provided that such services do not confer academic credit, diplomas or degrees); and other education services.

<b>28. Sector:</b>	Social Services- Human Health Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to human health services.

<b>29. Sector:</b>	Recreational, Cultural, and Sporting Services-Motion Picture Promotion, Advertising, or Post-Production Services, and Museum and Other Cultural Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<i>Act on the Promotion of Motion Pictures and Video Products</i> (Law No. 11902, July 16, 2013)  <i>Enforcement Decree of the Act on the Promotion of Motion Pictures and Video Products</i> (Presidential Decree No. 24036, August 13, 2012)  <i>Cultural Heritage Protection Act</i> (Law No. 11228, January 26, 2012)  <i>Enforcement Decree of the Cultural Heritage Protection Act</i> (Presidential Decree No. 23862, June 19, 2012)  <i>Archaeological Heritage Protection and Survey Act</i> (Law No. 10882, July 21 2011)  <i>Enforcement Regulations of the Archaeological Heritage Protection and Survey Act</i> (Ordinance of the Ministry of Culture, Sports and Tourism No. 78, February 16, 2011)  <i>Act on the Cultural Heritage Maintenance, Etc.</i> (Law No. 11530, December 11, 2012)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Korea reserves the right to adopt or maintain any measure with respect to motion picture promotion, advertising, or post-production services regarding National Treatment (NT), Most-Favored-Nation Treatment (MFN), Performance Requirements (PR), and Local Presence (LP) obligations.  Korea reserves the right to adopt or maintain any measure with respect to the conservation and restoration of cultural heritage and properties, including the excavation, appraisal, or dealing of cultural heritage and properties regarding National Treatment (NT), Performance Requirements (PR), Senior Management and Boards of Directors (SMBD), and Local Presence (LP) obligations.

<b>30. Sector:</b>	Other Recreational Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to tourism in rural, fishery, and agricultural sites.</p>



<b>31. Sector:</b>	Gambling and Betting Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-National Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Existing Measures:</b>	<p><i>Tourism Promotion Act</i> (Law No. 12406, March 11, 2014) Articles 5, 21 and 28</p> <p><i>Special Act on the Assistance to the Development of Abandoned Mine Areas</i> (Law No. 12154, January 1, 2014) Article 11</p> <p><i>National Sports Promotion Act</i> (Law No. 12348, January 28, 2014) Articles 24, 25 and 26</p> <p><i>Enforcement Decree of the National Sports Promotion Act</i> (Presidential Decree No. 25511, July 28, 2014) Articles 28 and 30</p> <p><i>Korea Racing Association Act</i> (Law No. 14306, December 2, 2016), Articles 3 and 48</p> <p><i>Traditional Bull Fighting Act</i> (Law No. 13143, February 3, 2015), Article 6</p> <p><i>Bicycle and Motorboat Racing Act</i> (Law No. 12688, May 28, 2014) Articles 4, 19 and 24</p> <p><i>Game Industry Promotion Act</i> (Law No. 11998, August 6, 2013) Articles 2, 21 and 22</p> <p><i>Act on Special Cases Concerning Regulation and Punishment of Speculative Acts, Etc.</i> (Law No. 11690, March 23, 2013)</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to gambling and betting services.</p> <p>For greater certainty, “gambling and betting” includes such services supplied through electronic transmission and services that use <i>sa-haeng-seong-ge-im-mul</i>. “<i>Sa-haeng-seong-ge-im-mul</i>”, as defined in Article 2 of Korea’s <i>Game Industry Promotion Act</i>, includes, inter alia, gaming instruments which result in financial loss or gain through betting or by chance.</p>

<b>32. Sector:</b>	Foreign Professionals Services – Foreign Legal Consultants, Foreign Certified Public Accountants, and Foreign Certified Tax Accountants
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most Favored-Nation Treatment (Articles 9.4 and 10.3) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Regarding National Treatment (NT), Most-Favored-Nation Treatment (MFN), Senior Management and Boards of Directors (SMBD), and Local Presence (LP) obligations, Korea reserves the right to adopt or maintain any measures including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) restrictions on certification, approval, registration, admission, and supervision of, and any other requirements with respect to, foreign country-licensed lawyers or foreign law firms supplying any type of legal services in Korea;</li> <li>(b) restrictions on foreign country-licensed lawyers or foreign law firms entering into partnerships, commercial associations, affiliations, or any other type of relationship regardless of legal form, with <i>byeon-ho-sa</i> (Korean-licensed lawyers), Korean law firms, <i>beop-mu-sa</i> (Korean-certified judicial scriveners), <i>byeon-ri-sa</i> (Korean-licensed patent attorneys), <i>gong-in-hoe-gye-sa</i> (Korean-certified public accountants), <i>se-mu-sa</i> (Korean-certified tax accountants), or <i>gwan-se-sa</i> (Korean customs brokers);</li> <li>(c) restrictions on foreign country-licensed lawyers or foreign law firms hiring <i>byeon-ho-sa</i> (Korean-licensed lawyers), <i>beop-mu-sa</i> (Korean-certified judicial scriveners), <i>byeon-ri-sa</i> (Korean-licensed patent attorneys), <i>gong-in-hoe-gye-sa</i> (Korean-certified public accountants), <i>se-mu-sa</i> (Korean certified tax accountants), or <i>gwan-se-sa</i> (Korean customs brokers) in Korea; and,</li> <li>(d) restrictions on senior management and the board of directors of legal entities supplying foreign legal consulting services, including with respect to the chairman.</li> </ul> <p>Notwithstanding paragraph 1,</p> <ul style="list-style-type: none"> <li>(a) no later than the date this Agreement enters into force,</li> </ul>

Korea shall allow, subject to certain requirements consistent with this Agreement, law firms of the other Party of this Agreement to establish representative offices (Foreign Legal Consultant offices or FLC offices) in Korea, and attorneys licensed in the other Party of this Agreement to provide legal advisory services regarding the laws of the jurisdiction in which they are licensed and public international law as foreign legal consultants in Korea.

- (b) no later than two years after the date this Agreement enters into force, Korea shall allow FLC offices, subject to certain requirements consistent with this Agreement, to enter into specific cooperative agreements with Korean law firms in order to be able to jointly deal with cases where domestic and foreign legal issues are mixed, and to share profits derived from such cases.

Korea shall maintain, at a minimum, the measures adopted to implement its commitments in paragraph 2.

For purposes of this entry, **law firm of the other Party** means a law firm organized under laws of the other Party and headquartered in the other Party.

Korea reserves the right to adopt or maintain any measure with respect to public accountancy services. Foreign public accountants intending to provide accountancy services in Korea must be domestically licensed and registered under the *Certified Public Accountant Act*. Their offices must be established within Korea.

Regarding National Treatment (NT), Senior Management and Boards of Directors (SMBD), Local Presence (LP), and Most-Favored-Nation Treatment (MFN) obligations, Korea reserves the right to adopt or maintain any measures with respect to *se-mu-sa* (Korean-certified tax accountants) services including those concerning ownership, partnership, nationality of executives and directors and the scope of services to be provided. Foreign-certified tax accountants intending to provide *se-mu-sa* (Korean-certified tax accountants) services in Korea must be domestically licensed and registered under the *Certified Tax Accountant Act*. Their offices must be established within Korea.

<b>33. Sector:</b>	Business Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to the exportation and re-exportation of controlled commodities, software, and technology.</p> <p>Only persons residing in Korea may apply for a license to export or re-export such commodities, software, or technology.</p>

<b>34. Sector:</b>	Transportation Services - Maritime Passenger Transportation and Maritime Cabotage
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to the provision of international maritime passenger transportation services, maritime cabotage, and the operation of Korean vessels, including the following measures:</p> <p>A person that supplies international maritime passenger transportation services must obtain a license from the Minister of Maritime Affairs and Fisheries, which is subject to an economic needs test.</p> <p>Maritime cabotage is reserved for Korean vessels. Maritime cabotage includes maritime transportation between harbors located along the entire Korean peninsula and any adjacent islands. <b>Korean vessel</b> means:</p> <ul style="list-style-type: none"> <li>(a) a vessel owned by the Korean government, a state enterprise, or an institution established under the Ministry of Maritime Affairs and Fisheries;</li> <li>(b) a vessel owned by a Korean national;</li> <li>(c) a vessel owned by an enterprise organized under the Korean Commercial Code;</li> <li>(d) a vessel owned by an enterprise organized under foreign law that has its principal office in Korea and whose <i>dae-pyo-ja</i> (for example, a chief executive officer, president, or similar principal senior officer) is a Korean national. In the event there is more than one, all <i>dae-pyo-ja</i> must be Korean nationals.</li> </ul> <p>For greater certainty, measures relating to the landside aspects of port activities are subject to the application of Article 23.2 (Essential Security).</p>

**APPENDIX II-1**

*For the following Sectors, Korea's obligations under Article XVI of the General Agreement on Trade in Services as set out in Korea's Schedule of Specific Commitments under the GATS(GATS/SC/48, GATS/SC/48/Suppl.1, GATS/SC/48/Suppl.1/Rev.1, GATS/SC/48/Suppl.2, GATS/SC/48/Suppl.3, and GATS/SC/48/Suppl.3/Rev.1) are improved as described.*

Sector/Subsector	Market Access Improvements
<p><b>Research and Development Services:</b></p> <p>Research and development services on natural sciences</p> <p>Research and development services on social sciences and humanities</p> <p>Interdisciplinary research and development services</p>	<p>Insert new commitments with "None" for modes 1 and 2, "Unbound" for mode 3, and "Unbound except as indicated in the Horizontal Commitments section." for mode 4</p> <p>Modify mode 1 and 2 limitations from "Unbound" to "None"</p> <p>Insert new commitments with "None" for modes 1 and 2, "Unbound" for mode 3, and "Unbound except as indicated in the Horizontal Commitments section" for mode 4</p>
<p><b>Market research and public opinion polling services</b></p>	<p>Modify mode 1 and 2 limitations from "Unbound" to "None"</p>
<p><b>Services incidental to mining</b></p>	<p>Modify mode 1 and 2 limitations from "Unbound" to "None"</p>
<p><b>Packaging services</b></p>	<p>Modify mode 1 and 2 limitations from "Unbound" to "None"</p>
<p><b>Convention services other than Convention agency services</b></p>	<p>Insert new commitments with "None" for mode 1, 2 and 3, and "Unbound except as indicated in the Horizontal Commitments section" for mode 4</p>
<p><b>Building-cleaning services (CPC 874*, excluding 87409)</b></p>	<p>Insert new commitments with "Unbound*" for mode 1, "None" for modes 2 and 3, "Unbound except as indicated in the Horizontal Commitments section" for mode 4</p>

*For the following Sectors, Korea's obligations under Article XVI of the General Agreement on Trade in Services as set out in Korea's Schedule of Specific Commitments under the GATS(GATS/SC/48, GATS/SC/48/Suppl.1, GATS/SC/48/Suppl.1/Rev.1, GATS/SC/48/Suppl.2, GATS/SC/48/Suppl.3, and GATS/SC/48/Suppl.3/Rev.1) are improved as described.*

Sector/Subsector	Market Access Improvements
<p><b>Environment consulting services (CPC 9409*)</b></p>	<p>Insert new commitments with “None” for modes 1, 2 and 3, and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p>
<p><b>Tourism and travel related services:</b></p> <p>Beverage serving services without entertainment Excluding rail and air transport related facilities in beverage serving services without entertainment</p> <p>Tour operator services</p> <p>Tourist Guides Services</p>	<p>Insert new commitments with “Unbound*” for mode 1, “None” for mode 2 and 3, and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> <p>Insert new commitments with “None” for modes 1, 2 and 3, and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> <p>Modify mode 3 from “Only travel agencies are allowed to supply tourist guide services” to “None”</p>
<p><b>Recreational, Cultural and Sporting Services</b></p> <p>Other - Game Services (CPC 964**)</p>	<p>Insert new commitments with "Unbound" for mode 1, "None" for modes 2 and 3, and "Unbound except as indicated in the Horizontal Commitments section" for mode 4</p>

## ANNEX III

### SCHEDULE OF KOREA

#### EXPLANATORY NOTE

1. The Schedule of Korea to this Annex sets out:
  - (a) headnotes that limit or clarify the commitments of Korea with respect to the obligations described in subparagraph (b)(i) through (v) and in subparagraph (c),
  - (b) in Section A, pursuant to Article 11.9 (Non-Conforming Measures), the existing measures of Korea that do not conform with some or all of the obligations imposed by:
    - (i) Article 11.2 (National Treatment);
    - (ii) Article 11.3 (Most-Favored-Nation Treatment);
    - (iii) Article 11.4 (Market Access for Financial Institutions);
    - (iv) Article 11.5 (Cross-Border Trade); or
    - (v) Article 11.8 (Senior Management and Boards of Directors), and
  - (c) in Section B, pursuant to Article 11.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Korea may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), 11.5 (Cross-Border Trade), or 11.8 (Senior Management and Boards of Directors).
2. Each entry in Section A sets out the following elements:
  - (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Subsector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the article(s) referred to in paragraph 1 (b) that, pursuant to Article 11.9.1(a), do not apply to the non-conforming aspects of the law, regulation, or other measure, as set out in paragraph 4;
  - (d) **Measures** identify the laws, regulations, or other measures for which the entry is made. 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
  - (e) **Description** provides a general, non-binding description of the measure for which the entry is made.
- 3. Each entry in Section B sets out the following elements:
  - (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Subsector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the article(s) referred to in paragraph 1(c) that, pursuant to Article 11.9.2, do not apply to the sectors, subsectors, or activities scheduled in the entry;
  - (d) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry.
- 4. For entries in Section A, in accordance with Article 11.9.1(a) (Non-Conforming Measures), and subject to Article 11.9.1(c), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that entry.
- 5. For entries in Section B, in accordance with Article 11.9.2 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry shall not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.
- 6. Where Korea maintains a measure that requires that a service supplier be a citizen, permanent resident, or resident of its territory as a condition to the supply of a service in its territory, a Schedule entry for that measure taken with respect to Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), or 11.5 (Cross-Border Trade) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.9 (Performance Requirements) to the extent of that measure.
- 7. Appendix III-1 lists certain measures that the Parties consider to be not inconsistent with Article 11.2 (National Treatment) or 11.4 (Market Access for Financial Institutions) or subject to Article 11.10.1 (Exceptions).
- 8. An entry in Annex I or Annex II specifying that Article 10.2 (National Treatment) shall not apply to the non-conforming aspects of a law, regulation, or other measure, shall not be construed as limiting a Party's obligation under Article 11.5.1 (Cross-Border Trade) to accord national treatment with respect to the supply of services specified in Annex 11-A (Cross-Border Trade) to cross-border financial service suppliers of the other Party.

## HEADNOTES

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedules below.
2. To clarify the commitment of Korea with respect to Article 11.4 (Market Access for Financial Institutions), juridical persons supplying financial services and constituted under the laws of Korea are subject to non-discriminatory limitations on juridical form.<sup>1</sup>
3. The commitments of Korea under Articles 11.2 (National Treatment) and 11.4 (Market Access for Financial Institutions) are subject to the limitation that in order to establish or acquire a controlling interest in a financial institution in Korea, a foreign investor must own or control a financial institution that engages in supplying financial services within the same financial services subsector in its home country.
4. Korea limits its commitments under Article 11.9.1(c) (Non-Conforming Measures) with respect to Article 11.4 (Market Access for Financial Institutions) in the following manner: Article 11.9.1(c) shall apply only to non-conforming measures relating to 11.4.1(a) and not to those non-conforming measures relating to Article 11.4.1(b).<sup>2</sup>

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<sup>1</sup> For example, partnerships and sole proprietorship are generally not acceptable juridical forms for depository financial institutions in Korea. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of the other Party between branches or subsidiaries.

<sup>2</sup> Article 11.3 (Most-Favored-Nation Treatment) shall not apply with regard to the limitation in the application of Article 11.9.1(c) described above in paragraph 4. This footnote does not apply to El Salvador and Panama.

## Section A

<b>1. Sector:</b>	Financial Services
<b>Subsector:</b>	Insurance
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Insurance Business Act</i> (Law No. 13453, July 31, 2015), Articles 91 and 100</p> <p><i>Enforcement Decree of the Insurance Business Act</i> (Presidential Decree No. 27556, October 25, 2016), Article 40</p>
<b>Description:</b>	<p>Only two employees of a commercial bank, mutual saving bank, or an investment trader or investment broker may sell insurance products at any one time at a single location.</p> <p>For transparency purposes, Korea notes that it restricts the manner of sales of insurance products such as the number of windows in a single bank location devoted to the sale of insurance, limitations on the percentage of insurance sold by a bank that may be underwritten by a single insurer, the type of insurance products which may be sold by a bank, and unfair business practices such as compelling the purchase of insurance products in return for a loan.</p>

<b>2. Sector:</b>	Financial Services
<b>Subsector:</b>	Insurance
<b>Obligations Concerned:</b>	Cross-Border Trade (Article 11.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Guarantee of Automobile Accident Compensation Act</i> (Law No. 14450, December 20, 2016)</p> <p><i>Act on the Indemnification for Fire-Caused Loss and the Purchase of Insurance Policies</i> (Law No. 12844, November 19, 2014)</p> <p><i>High-Pressure Gas Safety Control Act</i> (Law No. 14079, March 22, 2016)</p> <p><i>Safety Control and Business of Liquefied Petroleum Gas Act</i> (Law No. 13738, January 6, 2016)</p> <p><i>Urban Gas Business Act</i> (Law No. 14310, December 2, 2016)</p> <p><i>Seafarers Act</i> (Law No. 11024, August 4, 2011)</p> <p><i>Installation and Utilization of Sports Facilities Act</i> (Law No. 13976, February 3, 2016)</p> <p><i>Excursion Ship and Ferry Business Act</i> (Law No. 13751, January 7, 2016)</p> <p><i>Elevator Facilities Safety Management Act</i> (Law No. 13921, January 27, 2016)</p> <p><i>Water-Related Leisure Activities Safety Act</i> (Law No. 13754, January 7, 2016)</p> <p><i>Juvenile Activity Promotion Act</i> (Law No. 14068, March 2, 2016)</p> <p><i>Compensation for Oil Pollution Damage Guarantee Act</i> (Law No. 12829, October 15, 2014)</p> <p><i>Air Transport Business Promotion Act</i> (Law No. 12655, May 21, 2014)</p> <p><i>Road Traffic Act</i> (Law No. 14356, December 2, 2016)</p> <p><i>Wildlife Protection and Management Act</i> (Law No. 13882, January 27, 2016)</p> <p><i>Trucking Transport Business Act</i> (Law No. 13694, December 29, 2015)</p>

	<p><i>Industrial Accident Compensation Insurance Act</i> (Law No. 13323, May 18, 2015)</p> <p><i>Construction Technology Promotion Act</i> (Law No. 13805, January 19, 2016)</p> <p><i>Nuclear Damage Compensation Act</i> (Law No. 13543, December 1, 2015)</p> <p><i>Framework Act on Logistics Policies</i> (Law No. 13374, June 22, 2015)</p> <p><i>Social Welfare Services Act</i> (Law No. 14325, December 2, 2016)</p> <p><i>Fishing Management and Promotion Act</i> (Law No. 14240, May 29, 2016)</p> <p><i>Electronic Financial Transactions Act</i> (Law No. 13929, January 27, 2016)</p> <p><i>Digital Signature Act</i> (Law No. 12762, October 15, 2014)</p> <p><i>Attorney-at-Law Act</i> (Law No. 14056, March 2, 2016)</p> <p><i>Act on the Establishment of Safe Laboratory Environment</i> (Law No. 14079, March 22, 2016)</p> <p><i>Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons</i> (Law No. 14403, December 20, 2016)</p> <p><i>Safety Management Act on Amusement Facilities for Children</i> (Law No. 13750, January 7, 2016)</p> <p><i>Marriage Brokers Business Management Act</i> (Law No. 14441, December 20, 2016)</p> <p><i>Licensed Real Estate Agents Act</i> (Law No. 14334, December 2, 2016)</p> <p><i>Certified Public Accountant Act</i> (Law No. 14119, March 29, 2016)</p> <p><i>Tourism Promotion Act</i> (Law No. 13958, February 3, 2016)</p> <p><i>Tramway Transportation Act</i> (Law No. 14088, March 22, 2016)</p> <p><i>Enforcement Decree of the Road Traffic Act</i> (Presidential Decree No. 27616, November 29, 2016)</p> <p><i>Act on Door-To-Door Sales, etc.</i> (Law No. 14138, March 29, 2016)</p>
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<p><i>Act on the Public Announcement of Real Estate</i> (Law No. 13796, January 19, 2016)</p> <p><i>Certified Tax Accountant Act</i> (Law No. 13796, January 19, 2016)</p> <p><i>Engineering Industry Promotion Act</i> (Law No. 13852, January 27, 2016)</p> <p><i>Act on Foreign Workers' Employment, etc.</i> (Law No. 13908, January 27, 2016)</p> <p><i>Act on Compensation for Damage Caused by Space Objects</i> (Law No. 11690, March 23, 2013)</p> <p><i>Aerospace Industry Development Promotion Act</i> (Law No. 13097, January 28, 2015)</p> <p><i>Rules on the Designation and Control of Recreational Fishing Sites</i> (Ordinance of the Ministry of Oceans and Fisheries No. 192, June 23, 2016)</p> <p><i>Enforcement Decree of the Certification of Seal Imprint Act</i> (Presidential decree No. 27304, July 5, 2016)</p> <p><i>Standing Timber Act</i> (Law No. 11303, February 10, 2012)</p> <p><i>Framework Act on Electronic Documents and Transactions</i> (Law No. 13768, January 19, 2016)</p> <p><i>Act on the Consumer Protection in Electronic Commerce, etc.</i> (Law No. 11841, May 28, 2013)</p> <p><i>Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.</i> (Law No. 14080, March 22, 2016)</p> <p><i>Act on External Audit of Stock Companies</i> (Law No. 14242, May 29, 2016)</p> <p><i>Housing Act</i> (Law No. 14344, December 2, 2016)</p> <p><i>Collective Housing Management Act</i> (Law No. 14093, March 22, 2016)</p> <p><i>Aviation Act</i> (Law No. 14114, March 29, 2016)</p> <p><i>Marine Transportation Act</i> (Law No. 14117, March 29, 2016)</p> <p><i>Special Act on the Safety Control of Publicly Used Establishments</i> (Law No. 13914, January 27, 2016)</p>
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<b>Description:</b>	<p>In determining whether a natural person resident in Korea or juridical persons established in Korea has satisfied a legal obligation to purchase “compulsory” insurance services not listed in Annex 11-A, any such service supplied in the territory of a foreign country to such person is not considered.</p> <p>However services supplied outside the territory of Korea may be considered in satisfaction of the legal obligation if the required insurance cannot be purchased from an insurer established in Korea.</p>
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<b>3. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Banking Act</i> (Law No. 14242, May 29, 2016) <i>Financial Holding Company Act</i> (Law No. 13453, July 31, 2015)
<b>Description:</b>	<p>1. A financial institution constituted under the laws of another country may own more than 10 percent of the shares of a commercial bank or bank holding company constituted under the laws of Korea only if that institution is an “internationally recognized financial institution<sup>3</sup>.”</p> <p>2. For purposes of transparency:</p> <ul style="list-style-type: none"> <li>(a) the Financial Services Commission applies additional criteria for approval that are not inconsistent with this Agreement to approval of ownership by an internationally recognized financial institution as described in paragraph 1;</li> <li>(b) a natural person may not own more than 10 percent of the shares of a commercial bank or bank holding company constituted under the laws of Korea;</li> <li>(c) a corporate entity other than a financial institution, the main business of which is not financial services, may not own more than 4 percent of the shares of a commercial bank or bank holding company constituted under the laws of Korea. However, the ownership percentage can be increased to 10 percent if the corporate entity waives its ability to exercise voting rights relating to the shares in excess of 4 percent;</li> <li>(d) a corporate entity or a private equity fund invested by a corporate entity which is the largest stockholder of the relevant financial institution or participates in the management of the financial institution shall obtain approval of the Financial Services Commission when it intends to hold more than 10 percent of the shares of a commercial bank or bank holding company constituted under the laws of Korea.</li> </ul>

<sup>3</sup> An “internationally recognized financial institution” includes any financial institution that has been rated by an international rating organization at a level acceptable to the relevant Korean regulator or a financial institution that has demonstrated by alternative means acceptable to the relevant Korean regulator that it has an equivalent status.



<b>4. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Banking Act</i> (Law No. 14242, May 29, 2016), Article 58</p> <p><i>Enforcement Decree of the Banking Act</i> (Presidential Decree No. 27205, May 31, 2016), Article 24-9 and Addenda</p> <p><i>Regulation on Supervision of Banking Business</i> (Notice of the Financial Services Commission No. 2016-45, December 20, 2016), Articles 5-4 and 11</p>
<b>Description:</b>	Each branch location in Korea of a bank constituted under the laws of another country requires a separate license. A branch of a banking subsidiary, including one owned or controlled by investors of another country does not require such a license.

<b>5. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 14458, December 20, 2016), Articles 78, 373, 379 and 386
<b>Description:</b>	Only the Korea Exchange and any other alternative trading systems licensed under the <i>Financial Investment Services and Capital Markets Act</i> of Korea may operate a securities or derivatives market in Korea.

<b>6. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 14458, December 20, 2016), Articles 166 and 294 to 323
<b>Description:</b>	Only the Korea Securities Depository may serve as the depository for listed and unlisted securities issued in Korea or as the intermediary for transfer of those securities between accounts of depositors in Korea.

<b>7. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 14458, December 20, 2016), Articles 323-2, 323-3, 323-10 and 378
<b>Description:</b>	<p>Only the Korea Securities Depository and the Korea Exchange may perform clearing and settlement of securities and derivatives listed or traded on the Korea Exchange.</p> <p>Only central counter parties licensed under the <i>Financial Investment Services and Capital Markets Act</i> of Korea may perform clearing and settlement of financial investment services including securities and derivatives.</p>

<b>8. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Cross-Border Trade (Article 11.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 14458, December 20, 2016), Article 166  <i>Enforcement Decree of the Financial Investment Services and Capital Markets Act</i> (Presidential Decree No. 27556, October 25, 2016), Article 184
<b>Description:</b>	A non-professional investor (including some professional investors <sup>4</sup> ) shall make transactions through an investment broker licensed in Korea when he/she intends to trade securities denominated in foreign currencies and exchange-traded derivatives on foreign securities markets or foreign derivatives markets.

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<sup>4</sup> Institutional investors by Article 1-2 of the *Foreign Exchange Transaction Regulation* (Notification of the Ministry of Strategy and Finance No. 2009-2, February 3, 2009) are excluded.

<b>9. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Banking Act</i> (Law No. 14242, May 29, 2016), Articles 62 and 63</p> <p><i>Enforcement Decree of the Banking Act</i> (Presidential Decree No. 27205, May 31, 2016), Articles 25 and 26</p> <p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 14458, December 20, 2016), Article 65</p> <p><i>Enforcement Decree of the Financial Investment Services and Capital Markets Act</i> (Presidential Decree No. 27556, October 25, 2016), Article 65</p>
<b>Description:</b>	<p>A branch of a bank in Korea constituted under the laws of another country must bring and maintain operating funds within Korea, which shall be used for purposes of determining the amount of funds to be raised or loans to be extended by such local branch.</p> <p>A branch of a financial investment business entity in Korea constituted under the laws of another country must bring and maintain operating funds within Korea, which shall be used for purposes of managing risks arising from the business conducted by such local branch.</p> <p>For purposes of the <i>Banking Act</i> and the <i>Financial Investment Services and Capital Markets Act</i>, such a branch is considered a separate legal entity from the bank or the financial investment business entity constituted under the laws of another country.</p>

<b>10. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Credit Unions Act</i> (Law No. 14457, December 20, 2016), Article 7</p> <p><i>Mutual Savings Banks Act</i> (Law No. 13453, July 31, 2015), Article 6</p> <p><i>Specialized Credit Finance Business Act</i> (Law No. 14127, March 29, 2016), Article 5</p> <p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 12947, December 30, 2014), Article 355</p> <p><i>Credit Information Use and Protection Act</i> (Law No. 13216, March 11, 2015), Article 5</p> <p><i>Foreign Exchange Transactions Act</i> (Law No.14047, March 2, 2016), Article 9</p> <p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 12947, December 30, 2014), Articles 254, 258, and 263</p>
<b>Description:</b>	<p>The following types of business may not be conducted by a branch of a financial institution constituted under the laws of another country:</p> <ul style="list-style-type: none"> <li>(a) credit unions;</li> <li>(b) mutual savings banks;</li> <li>(c) specialized credit financial business companies;</li> <li>(d) foreign and won currency capital brokerage firms;</li> <li>(e) credit information companies;</li> <li>(f) general fund administration firms;</li> <li>(g) collective investment vehicle appraisal companies; and</li> <li>(h) bond appraisal companies.</li> </ul>

<b>11. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Electronic Financial Transactions Act</i> (Law No. 14132, March 29, 2016), Article 30
<b>Description:</b>	A non-financial institution that seeks to offer certain electronic financial services in Korea may establish only as a subsidiary.



<b>12. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>The <i>Korea Development Bank Act</i> (Law No. 14122, March 29, 2016)</p> <p>The <i>Industrial Bank of Korea Act</i> (Law No. 13453, July 31, 2015)</p> <p>The <i>Korea Housing Finance Corporation Act</i> (Law No. 14134, March 29, 2016)</p> <p>The <i>National Federation of Agricultural Cooperatives Act</i> (Law No. 14481, December 27, 2016)</p> <p>The <i>National Federation of Fisheries Cooperatives Act</i> (Law No. 14242, May 29, 2016)</p>
<b>Description:</b>	<p>Korea may grant:</p> <ul style="list-style-type: none"> <li>(a) to one or more of the following financial institutions (collectively, Government-Sponsored Institutions or GSIs): <ul style="list-style-type: none"> <li>(i) the Korea Development Bank;</li> <li>(ii) the Industrial Bank of Korea;</li> <li>(iii) the Korea Housing Finance Corporation;</li> <li>(iv) the National Agricultural Bank; and</li> <li>(v) the National Federation of Fisheries Cooperatives</li> </ul> </li> <li>(b) special treatment, including but not limited to the following: <ul style="list-style-type: none"> <li>(i) guarantees of loans to or bonds issued by the GSIs;</li> <li>(ii) permission to issue more bonds per capital than similarly situated non-GSIs;</li> <li>(iii) reimbursement of losses incurred by GSIs; or</li> <li>(iv) exemption from public assets and certain taxes on capital, surplus, profit, or assets.</li> </ul> </li> </ul>

<b>13. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Foreign Exchange Transactions Act</i> (Law No. 14047, March 2, 2016), Article 9
<b>Description:</b>	Interbank Brokerage of KRW (Korean won) spot transactions is limited to the two existing brokerage companies in the business.

## Section B

<b>14. Sector:</b>	Financial Services
<b>Subsector:</b>	Insurance
<b>Obligations Concerned:</b>	Cross-Border Trade (Article 11.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	None
<b>Description:</b>	<p>Korea reserves the right not to consider any "compulsory" third-party insurance service supplied in the territory of a foreign country to a natural person in Korea or juridical person established therein, in determining whether such natural or juridical person has satisfied a legal obligation to purchase such "compulsory" third party insurance service not listed in Annex 11-A.</p> <p>However services supplied outside the territory of Korea may be considered in satisfaction of the legal obligation if the required insurance cannot be purchased from an insurer established in Korea.</p>

<b>15. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	None
<b>Description:</b>	Korea reserves the right to adopt or/and maintain any measure with respect to the guarantee by government of government-owned or government-controlled entities that supply financial services, including continued guarantee or time-limited additional guarantee of the obligations and liabilities of these entities related to their privatization.

<b>16. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 12947, December 30, 2014)
<b>Description:</b>	Korea reserves the right to limit ownership by foreign investors of the Korea Exchange and the Korea Securities Depository. In the event of public offering of shares of the Korea Exchange or the Korea Securities Depository, Korea reserves the right to limit shareholding by foreign persons in the relevant institution, provided that Korea shall ensure that (1) any shareholding interests held by foreign persons at the time of the public offering shall be preserved, and (2) following the public offering, the Korea Exchange or Korea Securities Depository shall assure access for financial institutions of the other party on the terms that are no less favorable than financial institutions of Korea in like circumstances.

<b>17. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Korea Housing Finance Corporation Act</i> (Law No. 14134, March 29, 2016)  <i>Housing Act</i> (Law No. 13805, January 19, 2016)
<b>Description:</b>	Korea reserves the right to adopt or maintain any measure with respect to housing finance programs.  For purposes of transparency, Korea may limit the number of financial institutions designated to hold housing accounts, such as the National Housing Subscription Deposit Accounts.

## APPENDIX III-1

### CERTAIN MEASURES NOT INCONSISTENT WITH ARTICLE 11.2 OR 11.4 OR SUBJECT TO 11.10.1

The following measures are not inconsistent with Article 11.4 (Market Access for Financial Institutions). Any revision, amendment or modification of the following measures or related laws will not be construed to be inconsistent with Articles 11.4 to the extent that it does not conflict with the spirit of the original measure:

- (1) An insurance company constituted in Korea may engage only in activities permitted by the relevant laws. (Articles 10, 11, 11-2 and 11-3 of the *Insurance Business Act* and Articles 15 and 16 of the *Enforcement Decree of the Insurance Business Act*);
- (2) Residents of Korea are not permitted to settle payment in KRW (Korean won) for cross-border financial services supplied to them by residents of foreign countries. (Articles 5-11 and 7-8 to 7-10 of the *Foreign Exchange Transaction Regulation*);
- (3) Banks and mutual savings banks in Korea are required to extend loans to small- or medium-sized companies. (Article 2 of the *Bank of Korea's Regulations on Credit Extension*; and Article 11 of the *Mutual Savings Bank Act* and Article 8-2 of the *Enforcement Decree of the Mutual Savings Bank Act*);
- (4) The overall net open position of foreign exchange banks, measured by the sum of the net short position or the sum of the net long positions, whichever is greater (short-hand method), is limited to 50 percent of the total equity capital at the end of the previous month (Article 11-2 of the *Foreign Exchange Transaction Act*; and Article 2-9-2 of the *Foreign Exchange Transaction Regulation*);
- (5) Securities credit extensions are subject to restrictions on the maximum credit amount and use of proceeds. An investment trader or investment broker is only permitted to extend credit for purpose related to the sale and purchase of securities. (Article 72 of the *Financial Investment Services and Capital Markets Act*; Article 69 of the *Enforcement Decree of the Financial Investment Services and Capital Markets Act*);
- (6) The value of lending to an individual credit card holder may be capped. (Article 24 of the *Specialized Credit Financing Business Act*);
- (7) A bank, financial investment business entity or other financial institution constituted in Korea may only engage in activities permitted by the relevant laws. (Articles 27, 27-2 and 28 of the *Banking Act*; and Articles 40 and 41 of the *Financial Investment Services and Capital Markets Act* and Articles 43 and 44 of the *Enforcement Decree of the Financial Investment Services and Capital Markets Act*);

- (8) A financial institution is prohibited from acquiring real estate for non-business purpose. (Article 38 of the *Banking Act*, Article 105 of the *Insurance Business Act*);
- (9) Non-resident of Korea may convert foreign currency into KRW (Korean won) only for actual use in Korea. (Articles 7-8 to 7-10 and Articles 7-36 to 7-39 of the *Foreign Exchange Transaction Regulations*);
- (10) Korea may restrict deposit interest rates, loan interest rates, other interest rates, maturity of deposit and related fees. (Article 30 of the *Banking Act*, the *Regulation on Financial Institutions' Loans and Deposit Rates, etc.*, Article 8, 11 and Article 15 of *Act on Registration of Credit Business, etc. and Protection of Finance Users*, and Article 5 and Article 9 of the *Enforcement Decree of the Act on Registration of Credit Business, etc. and Protection of Finance Users*).

The following measures fall within Article 11.10.1 (Exceptions) and that, therefore, Article 11.2 (National Treatment) does not prevent Korea from maintaining them. Any revision, amendment or modification of the following measures or related laws will also fall within the ambit of Article 11.10.1, to the extent that it does not conflict with the spirit of the original measure:

- (1) The operating fund of a branch of a foreign insurance company will be considered as capital and the head office's capital will not be taken into consideration for purposes of determining the amount of funds to be raised or loans to be extended by such local branch (Article 9-3 of the *Insurance Business Act* and Article 14 of the *Enforcement Decree of the Insurance Business Act*);
- (2) A branch in Korea of a foreign insurance company must maintain in the territory of Korea assets equal to the aggregate of the reserve for performance of liability and the reserve for emergency relating to the insurance contracts executed in Korea (Article 75 of the *Insurance Business Act* and Article 25-2 of the *Enforcement Decree of the Insurance Business Act*).



## Annex I

### SCHEDULE OF COSTA RICA

#### EXPLANATORY NOTE

1. The Schedule of Costa Rica to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), Costa Rica's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Articles 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Articles 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence);
- (d) Article 9.9 (Performance Requirements);
- (e) Article 9.10 (Senior Management and Boards of Directors); or
- (f) Article 10.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the listed measure(s) pursuant to paragraph 3;
- (c) **Level of Government** indicates the level of government maintaining the listed measure(s);
- (d) **Measures** identifies the laws, regulations, or other measures for which the entry is made. 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
- (e) **Description** sets out commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the existing measures for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant provisions of the Chapters against which the entry is made. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the law, regulation, or other measure identified in the **Measures** element of that entry.

5. Where Costa Rica maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favored-Nation Treatment), or 10.5 (Local Presence) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.9 (Performance Requirements) to the extent of that measure.

6. For greater certainty, Article 10.4 (Market Access) refers to non-discriminatory measures.

7. The listing of a measure in this Annex is without prejudice to a future claim that Annex II may apply to the measure or some application of the measure.

8. The extraction of natural resources (including mining and hydrocarbons), electricity generation, refining of crude oil and its derivatives, hunting, forestry, logging, and fishing shall not be considered as services for the purposes of this Agreement.

<b>1. Sector:</b>	All sectors
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 3284 of 30 April 1964 – Commercial Code (<i>Código de Comercio</i>) – Article 226.</p> <p>Law No. 218 of 08 August 1939 – Law of Associations (<i>Ley de Asociaciones</i>) – Article 16.</p> <p>Executive Decree No. 29496– J of 17 April 2001 – Regulation to the Law of Associations (<i>Reglamento a la Ley de Asociaciones</i>) – Article 34.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The associations located abroad that would like to act in Costa Rica and the foreign juridical persons that have or want to open branches in the territory of Costa Rica, are obliged to constitute and maintain in the country a power of attorney for the branch's business.</p>

<b>2. Sector:</b>	All sectors
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 6043 of 02 March 1977 – Law on the Maritime Terrestrial Zone (<i>Ley sobre la Zona Marítimo Terrestre</i>) – Articles 9, 10, 11, 12 and 31, and Chapters 3 and 6.</p> <p>Law No. 2825 of 14 October 1961 – Law of Lands and Colonization (<i>Ley de Tierras y Colonización (ITCO INDER)</i>) – Chapter 2.</p> <p>Executive Decree No. 39688 of 22 April 2016 – <i>Regulation to the granting of concessions in border strips (Reglamento al otorgamiento de concesiones en franjas fronterizas)</i> – Titles 1 and 2.</p> <p>Law No. 9221 of 27 March 2014 – Framework Law for the Declaration of Costal Urban Zone and its Regime of Territorial Use and Exploitation (<i>Ley marco para la declaratoria de zona urbana litoral y su régimen de uso y aprovechamiento territorial</i>)– Articles 1, 2 and Chapter 2.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>A concession is required to perform any type of development or activity in the maritime-terrestrial zone, as defined in the Costa Rican legislation.<sup>1</sup></p> <p>A concession in the maritime terrestrial zone shall not be granted to or held by: (a) foreign nationals that have not resided in the country for at least five years; (b) enterprises with bearer shares; (c) enterprises domiciled abroad; (d) enterprises incorporated in Costa Rica solely by foreign nationals; or (e) enterprises where more than fifty percent of the capital shares or stocks are owned by foreigners.</p> <p>Within the maritime-terrestrial zone, no concession may be granted within the first fifty meters counted from the high tide line nor in the area comprised between the high tide line and the low tide line.</p> <p>The entities or its partners that have concessions in the maritime terrestrial zone shall not yield or transfer quotas or shares to foreigners.</p>

<sup>1</sup> The maritime-terrestrial zone is the 200-meter strip located along the entire length of the Atlantic and Pacific coast lines of Costa Rica, measured horizontally from the ordinary high tide line. The maritime-terrestrial zone also covers all islands located within the Costa Rican territorial waters.

	<p>Only Costa Rican natural or juridical persons that may have concessions shall intervene in touristic developments in the maritime-terrestrial zone or with access to it. Likewise, foreign entities shall intervene as long as they are tourism enterprises, whose development capital belongs in more than 50 percent to Costa Ricans.</p> <p>A concession may also be required to perform any type of development or activity in coastal urban zones, as defined in the Costa Rican legislation.<sup>2</sup> A concession in a coastal urban zone is subject to an urban regulatory plan and the conditions in Law No. 9221. Economic needs tests may apply and priority will be given to concessionaires that already had a concession before the coastal urban zone was declared as such and to occupants on a precarious basis (<i>ocupantes a título precario</i>).</p> <p>A concession in the urban coastal zone shall not be granted to or held by: (a) foreign nationals that have not resided in the country for at least five years; (b) foreign nationals with an irregular migratory status; (c) enterprises domiciled abroad; or (d) enterprises where more than fifty percent of the capital shares or stocks are owned by foreigners. This percentage shall be maintained throughout the period of the concession. Enterprises that hold concessions in coastal urban zones shall report any changes in the composition of their equity.</p> <p>Excluding land that is under private domain and has legitimate title, all other land within the 2000 meters-wide zone which is alongside Costa Rica's borders with Nicaragua and Panama is inalienable and cannot be acquired by <i>denuncio</i> or possession. In case of natural persons, a foreign national must have permanent resident status in Costa Rica, and prove it through a certification issued by the General Directorate of Migration and Alien Affairs, to obtain a concession in these lands. A juridical person shall be domiciled in Costa Rica to obtain a concession in these lands. Juridical persons, whose shares, stocks or capital belongs to foreign nationals in more than 50% may not obtain a concession. Juridical persons whose members are more than 50% foreigners may not obtain a concession. In case of juridical persons whose capital is owned by foreign nationals, they shall demonstrate that these natural persons have permanent resident status in Costa Rica, and prove it through a certification issued by the General Directorate of Migration and Alien Affairs.</p>
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<sup>2</sup> A coastal urban zone is a territory in the coast, also considered as an urban area, and previously declared as coastal urban area by the competent authorities.

<b>3. Sector:</b>	All sectors
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 7762 of 14 April 1998 – General Law for the Concession of Public Works with Public Services ( <i>Ley General de Concesión de Obras Públicas con Servicios Públicos</i> ) – Chapter 4.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  For concessions of public works contracts and the concessions of public works with public services contracts defined in accordance with the Costa Rican legislation, in case of a tie in the selection parameters in conformity with the notice rules, the Costa Rican tenderer shall be awarded the contract over the foreigner. The adjudicatory stays obliged to constitute a national anonymous society ( <i>sociedad anónima</i> ) with which the concession's contract shall be done. Also, it shall be jointly responsible with this anonymous society.

<b>4. Sector:</b>	Professional Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favoured-Nation Treatment (Articles 9.4 and 10.3) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 7221 of 06 April 1991 – Organic Law of the Professional Association of Agricultural Engineers (<i>Ley Orgánica del Colegio de Ingenieros Agrónomos</i>) – Articles 3, 4, 5, 6, 8, 9, 10, 15, 16, 18, 19, 20, 22, 23, 24, 25 and 47.</p> <p>Executive Decree No. 22688-MAG-MIRENEM of 22 November 1993 – General Regulation on the Organic Law of the Professional Association of Agricultural Engineers of Costa Rica (<i>Reglamento General a la Ley Orgánica del Colegio de Ingenieros Agrónomos de Costa Rica</i>) – Articles 6, 7, 9, 30, 31, 35, 36, 37 and 38.</p> <p>Executive Decree No. 29410– MAG of 02 March 2001 – Regulation of the Registry of Appraisers-Surveyors of the Professional Association of Agricultural Engineers (<i>Reglamento de Registro de Peritos-Tasadores del Colegio de Ingenieros Agrónomos</i>) – Articles 6, 20 and 22.</p> <p>Law No. 5230 of 02 July 1973 – Organic Law of the Professional Association of Geologists (<i>Ley Orgánica del Colegio de Geólogos</i>) – Article 3, 9, 10 and 11.</p> <p>Executive Decree No. 6419– MEIC of 18 October 1976 – Regulations of the Professional Association of Geologists of Costa Rica (<i>Reglamento del Colegio de Geólogos de Costa Rica</i>) – Articles 4, 5 and 37.</p> <p>Law No. 15 of 29 October 1941 – Organic Law of the Professional Association of Pharmacists (<i>Ley Orgánica del Colegio de Farmacéuticos</i>) – Articles 2, 9, 10 and 11.</p> <p>Executive Decree No. 3503-S of 06 February 1974 – General Organic Regulation or Internal Regulation of the Professional Association of Pharmacists of Costa Rica – (<i>Reglamento General Orgánico o Reglamento Interno del Colegio de Farmacéuticos de Costa Rica</i>) – Articles 2 and 6.</p> <p>Regulation of Pharmaceutical Specialties of the Professional Association of Pharmacists of Costa Rica (<i>Reglamento de Especialidades Farmacéuticas del Colegio de Farmacéuticos de Costa Rica</i>) of 27 October 2010 – Articles 4, 6, 9, 17 and 18.</p>

	<p>Law No. 5784 of 19 August 1975 – Organic Law of the Professional Association of Dental Surgeons of Costa Rica (<i>Ley Orgánica del Colegio de Cirujanos Dentistas de Costa Rica</i>) – Articles 2, 5, 6, 9, 10, 14 and 15.</p> <p>Law No. 3663 of 10 January 1966 – Organic Law of the Federated Professional Association of Engineers and Architects (<i>Ley Orgánica del Colegio Federado de Ingenieros y Arquitectos</i>) – Articles 5, 9, 11, 13, 14 and 52.</p> <p>Executive Decree No. 3414-T of 03 December 1973 – General Internal Regulation of the Federated Professional Association of Engineers and Architects (<i>Reglamento Interior General del Colegio Federado de Ingenieros y Arquitectos</i>) – Articles 1, 3, 7, 9, 37 bis, 54, 55 and 60.</p> <p>Special Regulation of Incorporation to the Federated Professional Association of Engineers and Architects (<i>Reglamento Especial de Incorporación al Colegio Federado de Ingenieros y Arquitectos</i>) of 07 March 2005 – Articles 7 and 8.</p> <p>Law No. 1038 of 19 August 1947 – Law of Establishment of the Professional Association of Public Accountants (<i>Ley de Creación del Colegio de Contadores Públicos</i>) – Articles 3, 4, 12 and 15.</p> <p>Executive Decree No. 13606-E of 05 May 1982 – Regulation of the Professional Association of Public Accountants of Costa Rica (<i>Reglamento del Colegio de Contadores Públicos de Costa Rica</i>) – Articles 4, 5, 8, 10 and 30.</p> <p>Regulation No. 9 of 25 May 2010 – Regulation of the Process and Requirements for Incorporation to the Professional Association of Public Accountants of Costa Rica (<i>Reglamento del Trámite y Requisitos de Incorporación al Colegio de Contadores Públicos de Costa Rica</i>) – Article 3.</p> <p>Law No. 3455 of 14 November 1964 – Law of the Professional Association of Veterinary Physicians (<i>Ley del Colegio de Médicos Veterinarios</i>) – Articles 2, 4, 5, 7 and 27.</p> <p>Executive Decree No. 19184-MAG of 10 July 1989 – Regulation on the Organic Law of the Professional Association of Veterinary Physicians (<i>Reglamento a la Ley Orgánica del Colegio de Médicos Veterinarios</i>) – Articles 6, 7, 10, 11, 19 and 24.</p> <p>Law No. 2343 of 04 May 1959 – Organic Law of the Professional Association of Nurses of Costa Rica (<i>Ley Orgánica del Colegio de Enfermeras de Costa Rica</i>) – Articles 2, 22, 23, 24 and 28.</p>
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	<p>Executive Decree No. 37286 of 19 April 2012 – Regulation to the Organic Law of the Professional Association of Nurses of Costa Rica (<i>Reglamento a la Ley Orgánica del Colegio de Enfermeras de Costa Rica</i>) – Articles 1, 6, 7, 12, 13, 155 and 158.</p> <p>Regulation No. 2044 of 07 July 2011 – Regulation for the Incorporation to the Professional Association of Nurses of Costa Rica (<i>Reglamento de Incorporación del Colegio de Enfermeras y Enfermeros de Costa Rica</i>) – Article 11.</p> <p>Law No. 7764 of 17 April 1998 – Public Notary Code (<i>Código Notarial</i>) – Articles 3 and 10.</p> <p>Law No. 13 of 28 October 1941 – Organic Law of the Professional Association of Lawyers (<i>Ley Orgánica del Colegio de Abogados y Abogadas de Costa Rica</i>) – Articles 2, 6, 7, 8 and 18.</p> <p>Executive Decree No. 20 of 17 July 1942 – Internal Regulation of the Professional Association of Lawyers (<i>Reglamento Interior del Colegio de Abogados</i>) – Article 1.</p> <p>Agreement No. 2008-45-034 of 09 December 2008 – Manual of Incorporation of Lawyers to the Professional Association of Lawyers (<i>Manual de Incorporación de los Licenciados en Derecho al Colegio de Abogados</i>) – Articles 2, 7 and 8.</p> <p>Law No. 1269 of 02 March 1951 – Organic Law of the Professional Association of Private Accountants (<i>Ley Orgánica del Colegio de Contadores Privados de Costa Rica</i>) – Articles 2 and 4.</p> <p>Executive Decree No. 3022 of 21 May 1973 – Regulation to the Organic Law Professional Association of Private Accountants of Costa Rica (<i>Reglamento de la Ley Orgánica del Colegio de Contadores Privados de Costa Rica</i>) – Articles 5 and 39.</p> <p>Regulation No. 90-1 of 18 May 2004 – Regulation for the process and requirements of incorporations to the Professional Association of Private Accountants of Costa Rica (<i>Reglamento para el Trámite y Requisitos de Incorporación al Colegio de Contadores Privados de Costa Rica</i>) – Article 3.</p> <p>Law No. 8412 of 22 April 2004 – Organic Law of the Professional Association of Chemical Engineers and Related Professionals and Organic Law of the Professional Association of Chemists of Costa Rica (<i>Ley Orgánica del Colegio de Ingenieros Químicos y Profesionales Afines y Ley Orgánica del Colegio de Químicos de Costa Rica</i>) – Articles 7, 16, 17, 18, 19, 20, 21, 61, 67, 77, 82, 83, 84, 86 and 92.</p> <p>Executive Decree No. 34699-MINAE-S of 15 April 2008 –</p>
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	<p>Regulation to the Title II of the Organic Law of the Professional Association of Chemical Engineers and Related Professionals and Organic Law of the Professional Association of Chemists of Costa Rica, Law No. 8412 of 22 April 2004, Regulations of the Professional Association of Chemists of Costa Rica (<i>Reglamento al Título II de la Ley Orgánica del Colegio de Ingenieros Químicos y Profesionales Afines y Ley Orgánica del Colegio de Químicos de Costa Rica, Ley No. 8412 del 22 de abril de 2004, Normativa del Colegio de Químicos de Costa Rica</i>) – Articles 2, 3, 14, 15 and 16 and Chapter VI.</p> <p>Executive Decree No. 35695-MINAE of 25 May 2009 – Regulation to the Title I of the Organic Law of the Professional Association of Chemical Engineers and Related Professionals and Organic Law of the Professional Association of Chemists of Costa Rica Law 8412 (<i>Reglamento al Título I de la Ley Orgánica del Colegio de Ingenieros Químicos y Profesionales Afines de Costa Rica y Ley Orgánica del Colegio de Químicos de Costa Rica, Ley No. 8412</i>) – Articles 1, 3, 6, 8, 13, 110, 111, 114, 115, 116, 117, 118, 119, 121, 122, 123, 125, 128, 130, 145, 154, 155, 156, 158, 161 and Chapters XVII, XIX, XXI and XXIV.</p> <p>Law No. 3019 of 09 August 1962 – Organic Law of the Professional Association of Physicians and Surgeons (<i>Ley Orgánica del Colegio de Médicos y Cirujanos</i>) – Articles 4, 5, 6 and 7.</p> <p>Executive Decree No. 23110-S of 22 March 1994 – Regulation to the Organic Law of the Professional Association of Physicians and Surgeons (<i>Reglamento a la Ley Orgánica del Colegio de Médicos y Cirujanos</i>) – Article 10.</p> <p>Executive Decree No. 2613-SPSS of 03 November 1972 – General Regulation to Authorize the Exercise to Professionals of Branches that depend on Medical Sciences and Technicians in Surgical Medical Matters (<i>Reglamento General para Autorizar el Ejercicio a Profesionales de Ramas Dependientes de las Ciencias Médicas y a Técnicos en Materias Médico Quirúrgicas</i>) – Articles 1 and 4.</p> <p>Law No. 7559 of 09 November 1995 –Mandatory Social Service for Professionals in Health Sciences (<i>Servicio Social Obligatorio para los Profesionales en Ciencias de la Salud</i>) – Articles 2, 3, 5, 6, 7, and 10.</p> <p>Law No. 9272 of 07 October 2014 – Reform to Law No. 7559, Mandatory Social Service for Professionals in Health Sciences of 9 November 1995 (<i>Reforma de la Ley No. 7559, Servicio Social Obligatorio para Profesionales en Ciencias de la Salud, de 9 de noviembre de 1995</i>) – single article.</p> <p>Regulation No. 09 of 19 September 2012 –Regulations of</p>
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Technologists in Medical Sciences authorized by the Professional Association of Physicians and Surgeons (*Normativa de Tecnólogos en Ciencias Médicas autorizados por el Colegio de Médicos y Cirujanos*) – Articles 4, 7 and 44.

Regulation No. 12 of 12 February 2007 – Regulations of the Chapter of Related Professionals to the Medical Sciences authorized by the Professional Association of Physicians and Surgeons of Costa Rica (*Normativa del Capítulo de Profesionales Afines a las Ciencias Médicas autorizados por el Colegio de Médicos y Cirujanos de Costa Rica*) – Article 14.

Law No. 3838 of 19 December 1966 – Organic Law of the Professional Association of Optometrists of Costa Rica (*Ley Orgánica del Colegio de Optometristas de Costa Rica*) – Articles 6 and 7.

Law No. 4420 of 22 September 1969 – Organic Law of the Professional Association of Journalists of Costa Rica (*Ley Orgánica del Colegio de Periodistas de Costa Rica*) – Articles 2, 24, 25 and 27.

Executive Decree No. 32599 of 13 June 2005 – Regulation of the Professional Association of Journalists of Costa Rica (*Reglamento del Colegio de Periodistas de Costa Rica*) - Articles 1, 3, 47 and 48.

Law No. 7106 of 04 November 1988 – Organic Law of the Professional Association of Professionals in Political Science and International Relations (*Ley Orgánica del Colegio de Profesionales en Ciencias Políticas y de Relaciones Internacionales*) – Articles 26 and 29.

Executive Decree No. 19026-P of 31 May 1989 – Regulation to the Organic Law of the Professional Association of Professionals in Political Science and International Relations (*Reglamento a la Ley Orgánica del Colegio de Profesionales en Ciencias Políticas y de Relaciones Internacionales*) – Articles 1, 10, 19, 21, 22 and 59.

Law No. 4288 of 20 December 1968 – Organic Law of the Professional Association of Biologists (*Ley Orgánica del Colegio de Biólogos*) – Articles 6 and 7.

Executive Decree No. 39 of 6 May 1970 – Regulation of the Organic Law of the Professional Association of Biologists of Costa Rica (*Reglamento de la Ley Orgánica del Colegio de Biólogos de Costa Rica*) – Articles 2, 10, 11, 16, 17, 18 and 19.

Law No. 9148 of 09 July 2013 – Organic Law of the Professional Association of Professionals in Librarianship of Costa Rica (*Ley Orgánica del Colegio de Profesionales en Bibliotecología de Costa*

	<p><i>Rica</i>) – Articles 3 and 5.</p> <p>Regulation No. 0-A of 23 February 2015 – Regulation to the Organic Law of the Professional Association of Professionals in Librarianship of Costa Rica (<i>Reglamento a la Ley Orgánica del Colegio de Profesionales en Bibliotecología de Costa Rica</i>) – Articles 8, 11 and 87.</p> <p>Law No. 7537 of 22 August 1995 – Organic Law of the Professional Association of Professionals in Computer and Informatics (<i>Ley Orgánica del Colegio de Profesionales en Informática y Computación</i>) – Articles 3, 4, 6, 8 and 9.</p> <p>Executive Decree No. 35661-MICIT of 18 November 2009 – General Regulation of the Organic Law of the Professional Association of Professionals in Computer and Informatics (<i>Reglamento General de la Ley Orgánica del Colegio de Profesionales de Informática y Computación</i>) – Articles 1, 22 and 23.</p> <p>Law No. 8142 of 05 November 2001 – Law of Official Translations and Interpretations (<i>Ley de Traducciones e Interpretaciones Oficiales</i>) – Article 6.</p> <p>Executive Decree No. 30167-RE of 25 January 2002 – Regulation to the Law of Official Translations and Interpretations (<i>Reglamento a la Ley de Traducciones e Interpretaciones Oficiales</i>) - Article 10.</p> <p>Law No. 7105 of 31 October 1988 – Organic Law of the Professional Association of Professionals in Economical Sciences (<i>Ley Orgánica del Colegio de Profesionales en Ciencias Económicas</i>) – Articles 4, 6, 15, 19 and 20.</p> <p>Executive Decree No. 20014-MEIC of 19 September 1990 – General Regulation of the Professional Association of Professionals in Economical Sciences of Costa Rica (<i>Reglamento General del Colegio de Profesionales en Ciencias Económicas de Costa Rica</i>) – Articles 10, 14 and 17.</p> <p>Regulation No. 77 of 20 June 2009 – Regulation of Admission of the Professional Association of Professionals in Economical Sciences of Costa Rica (<i>Reglamento de Admisión del Colegio de Profesionales en Ciencias Económicas de Costa Rica</i>) – Articles 10, 12, 13 and 24.</p> <p>Executive Decree No. 24686 of 19 September 1995 – Regulation of Professional Audit of Consulting Entities (<i>Reglamento de Fiscalización Profesional de Entidades Consultoras</i>) – Articles 2 and 5.</p> <p>Law No. 7503 of 03 May 1995 – Organic Law of the Professional</p>
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	<p>Association of Physicists (<i>Ley Orgánica del Colegio de Físicos</i>) – Articles 6 and 10.</p> <p>Executive Decree No. 28035-MINAE-MICITT of 14 April 1999 – Regulation to the Organic Law of the Professional Association of Physicists (<i>Reglamento a la Ley Orgánica del Colegio de Físicos</i>) – Articles 4, 6, 7, 10, 11, 18 and 21.</p> <p>Law No. 8863 of 18 September 2010 – Organic Law of the Professional Association of Professionals in Orientation (<i>Ley Orgánica del Colegio de Profesionales en Orientación</i>) – Articles 3, 4, 8 and 10.</p> <p>Law No. 6144 of 28 November 1977 – Organic Law of the Professional Association of Psychologists of Costa Rica (<i>Ley Orgánica del Colegio Profesional de Psicólogos de Costa Rica</i>) – Articles 4, 5, 6 and 7.</p> <p>Regulation to the Organic Law of the Professional Association of Psychologists of Costa Rica (<i>Reglamento a la Ley Orgánica del Colegio Profesional de Psicólogos de Costa Rica</i>), approved in Session No. 3 of the Ordinary General Assembly of 9 March 1979 – Articles 9, 10, and 11.</p> <p>Regulation of 20 of March 2017– Regulation for the Incorporation of Professionals in Psychology (<i>Reglamento para la Incorporación de Profesionales en Psicología</i>) – Article 18.</p> <p>Regulation of 26 May 2010 – Regulation of Psychological Specializations (<i>Reglamento de Especialidades Psicológicas</i>) – Articles 1, 4, 5 and 18.</p> <p>Law No. 8676 of 18 November 2008 – Organic Law of the Professional Association of Nutrition Professionals (<i>Ley Orgánica del Colegio de Profesionales en Nutrición</i>) – Articles 2, 7, 11 and 13.</p> <p>Agreement No. 01-2009 of 23 September 2009 – Regulation of Incorporation to the Professional Association of Nutrition Professionals of Costa Rica (<i>Reglamento de Incorporación al Colegio de Profesionales en Nutrición de Costa Rica</i>) – Articles 2, 3, 9 and 10.</p> <p>Law No. 3943 of 06 September 1967 – Organic Law of the Professional Association of Social Workers (<i>Ley Orgánica del Colegio de Trabajadores Sociales</i>) – Articles 2 and 12.</p> <p>Executive Decree No. 26 of 15 July 1969 – Regulation to the Law of the Professional Association of Social Workers (<i>Reglamento a la Ley del Colegio de Trabajadores Sociales</i>) – Articles 14, 66, 67, 69 and 70.</p>
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	<p>Law No. 7912 of 21 September 1999 – Organic Law of the Professional Association of Chiropractic Professionals (<i>Ley Orgánica del Colegio de Profesionales en Quiropráctica</i>) – Article 7.</p> <p>Executive Decree No. 28595-S of 23 March 2000 – Regulation to the Organic Law of the Professional Association of Chiropractic Professionals (<i>Reglamento de la Ley Orgánica del Colegio de Profesionales en Quiropráctica</i>) – Articles 5, 8 and 15.</p> <p>Executive Decree No. 25068-8 of 21 March 1996 – Regulation of Obligatory Social Service for the Professionals in Health Sciences (<i>Reglamento de Servicio Social Obligatorio para los Profesionales en Ciencias de la Salud</i>) – Articles 7, 13, 14, 17, 18, 21 and 22.</p> <p>Law No. 8831 of 28 April 2010 – Organic Law of the Professional Association of Criminology Professionals in Costa Rica (<i>Ley Orgánica del Colegio de Profesionales en Criminología de Costa Rica</i>) – Articles 4, 7, 8, 12 and 14.</p> <p>Regulation No. 40010-JP of 12 September 2016 – Internal Regulation of the Professional Association of Criminology Professionals in Costa Rica (<i>Reglamento Interno del Colegio de Profesionales en Criminología de Costa Rica</i>) – Articles 4, 5, 6, 8 and 13.</p> <p>Law No. 4770 of 13 October 1972 – Organic Law of the Professional Association of Licenciates and Professors in Liberal Arts and Philosophy, Sciences and Arts (<i>Ley Orgánica del Colegio de Licenciados y Profesores en Letras y Filosofía, Ciencias y Artes</i>) – Articles 3, 4 and 7.</p> <p>Regulation No. 91 of 13 November 1999 – General Regulation of the Professional Association of Licenciates and Professors in Liberal Arts and Philosophy, Sciences and Arts (<i>Reglamento General del Colegio de Licenciados y Profesores en Letras y Filosofía, Ciencias y Artes</i>) – Articles 32 and 33.</p> <p>Regulation No. 96 of 28 August 2008 – Manual of Incorporation of the Professional Association of Licenciates and Professors in Liberal Arts and Philosophy, Sciences and Arts (<i>Manual de Incorporación del Colegio de Licenciados y Profesores en Letras, Filosofía, Ciencias y Artes</i>) – Articles 5, 6, 7 and 8.</p> <p>Law No. 771 of 25 October 1949 – Organic Law of the Professional Association of Microbiologists (<i>Ley Orgánica del Colegio de Microbiólogos</i>) – Articles 2 and 8.</p> <p>Executive Decree No. 12 of 30 September 1957 – Internal Regulation</p>
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	<p>of the Professional Association of Microbiologists (<i>Reglamento Interno del Colegio de Microbiólogos</i>) – Articles 17, 79 and 80.</p> <p>Executive Decree No. 21034-S of 28 January 1992 – Regulation on the Statute of Microbiology and Clinical Chemistry Services (<i>Reglamento de Estatuto de Servicios de Microbiología y Química Clínica</i>) - Article 63.</p> <p>Law No. 8974 of 04 August 2011 – Creation of the Professional Association of Professionals in Sociology of Costa Rica (<i>Creación del Colegio de Profesionales en Sociología de Costa Rica</i>) – Articles 3, 9, 30, 37 and 39.</p> <p>Executive Decree No. 38129-MP of 16 December 2013 – Regulation of the Professional Association of Professionals in Sociology of Costa Rica (<i>Reglamento del Colegio de Profesionales en Sociología de Costa Rica</i>) – Articles 3 and 8.</p> <p>Law No. 8989 of 13 September 2011 – Law of the Professional Association of Therapists (<i>Ley del Colegio de Terapeutas</i>) – Articles 8, 9, 11, 37, 40, 41 and 42.</p> <p>Executive Decree No. 37562 of 08 January 2013 – Regulation of Medical Specializations and Sub-specializations (<i>Reglamento de Especialidades y Subespecialidades Médicas</i>) – Article 7.</p> <p>Executive Decree No. 37717-S of 17 January 2013 – Regulation of Masters and PhDs in the Areas of Medical Sciences (<i>Reglamento de Maestrías y Doctorados Académicos en las Áreas de Ciencias Médicas</i>) – Article 8.</p> <p>Executive Decree No. 19301 of 13 November 1989 – Regulation of Empirical Midwives (<i>Reglamento de Parteras Empíricas</i>) – Article 2.</p> <p>Regulation SUGEF 32-10 of 03 December 2010 – General Regulation of External Auditors (<i>Reglamento General de Auditores Externos</i>) – Articles 5, 6, and 7.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Only the professional services suppliers duly incorporated to the respective professional association in Costa Rica are authorized to practice the profession in the Costa Rican territory, including advisory and consulting.</p> <p>To join Costa Rica’s Professional Associations of Public Accountants, Pharmacists, Geologists, Engineers and Architects, Physicians and Surgeons, Veterinarians, Lawyers, Notaries, Dental Surgeons, Optometrists, Journalists, Nurses, Medical and Surgical Technicians and Medical Sciences Branches, all foreign</p>

professionals must prove that, in their home jurisdiction where they are allowed to practice, Costa Rican nationals can exercise their profession under like circumstances.

To join Costa Rica's Professional Associations of Public Accountants, Pharmacists, Geologists, Sociologists, Agronomical Engineers (including Forestry or Agriculture/Livestock Appraisers-Surveyors), Physicians and Surgeons, Veterinarians, Dental Surgeons, Journalists, Medical and Surgical Technicians and Medical Sciences Branches, Computer and Informatics, and Official Translators and Interpreters, foreign professionals must have the migratory status of residents in Costa Rica at the time of applying for membership, as well as have a certain minimum number of years of residence. The number of years varies from one Professional Association to another, but usually ranges between two to five years.

To join Costa Rica's Professional Associations of Lawyers, Notaries, Engineers and Architects, Nurses, Chemists and Chemical Engineers and Related Branches, Biologists, Librarians, Psychologists, Political Scientists and International Relations Specialists, Physicists, Economical Science Professionals, Criminologist, Science and Literature Professors and Private Accountants, foreign professionals must have the migratory status of residents in Costa Rica at the time of applying for membership.

Incorporation to the Professional Association of Public Accountants and Professional Association of Physicians and Surgeons is subject to nationality requirements. Authorizations to provide midwives services are subject to nationality requirements at the time of applying for authorization.

Only Costa Ricans can be members of the Board of Directors of the Professional Association of Architects and Engineers.

In the case of audits of entities that are part of groups or financial conglomerates domiciled abroad, the audit firm of the country in which the entity is domiciled shall meet the following requirements: a) it shall be registered and active in a professional registry counterpart to the respective Costa Rican professional association, as well as in the registry of the relevant public regulator, if such record exist; b) it shall be a representative of a firm that operates at an international level, which in turn, has representation in Costa Rica.

To exercise as a Notary, it is required to have an office open to the public in Costa Rica.

Only Costa Rican professionals duly registered in the Professional Association of Agronomical Engineers (*Colegio de Ingenieros Agrónomos*) can supply their services for consulting enterprises in agronomical sciences operating in Costa Rica to comply with the 50



<p>percent legal requirement of total professional consulting advisory time.</p> <p>Consulting or advisory work in the field of agronomical sciences carried out in Costa Rica under the auspices of foreign governments or international institutions shall be jointly conducted by Costa Rican nationals registered in the Professional Association (<i>Colegio</i>), along with foreign nationals.</p> <p>Foreign corporations can only advertise and exercise public accountancy services in Costa Rica through Costa Rican professionals or Costa Rican offices.</p> <p>Foreign professionals in Sociology and foreign professional specialists in Pharmacy and in Political Sciences and International Relations may only be hired by public or private entities in Costa Rica when they are active members of Costa Rica's Professional Association and insufficiency (<i>inopia</i>) of Costa Rican professionals has been declared.</p> <p>Foreign journalists may only cover events in Costa Rica only if they are residents of Costa Rica, except when they have a valid permit issued by the Board of Directors of the Professional Association of Journalists (<i>Colegio de Periodistas</i>) waiving this requirement for up to one year.</p> <p>All Physicians and Surgeons, Dental Surgeons, Microbiologists, Pharmacists, Nurses, Nutritionists and Psychologists must perform the equivalent of a one-year continuous, remunerated mandatory social services requirement in Costa Rica.</p> <p>The assignment of the slots to perform mandatory social services is made through a draw. If there are enough slots to perform mandatory social services for all applicants, applicants who are Costa Rican nationals are given priority over applicants who are foreign nationals with respect to assignment of the specific slots.</p> <p>If the number of slots offered in the draw is less than the number of applicants, applicants who are Costa Rican nationals shall have the priority to freely choose if they want to participate or not in the draw. Such choice shall be respected as long as the number of applicants who do not wish to choose a slot is equal to or less than the number of shortage of slots. When the number of applicants who are Costa Rican nationals that do not wish to participate in the draw exceeds the number of shortage of slots, a lottery shall be made among them to determine who shall participate in the drawing of slots.</p> <p>If there is still a shortage of slots when the applicants who are Costa Rican nationals have already made their choice, the same procedure shall be applied for the drawing of slots among applicants who are</p>
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	<p>foreign nationals.</p> <p>Subject to the conditions and terms included in the legislation and regulations applicable to each professional category listed above, the mandatory social service requirement may be waived for temporary professional practice.</p> <p>Foreign Physicians, Surgeons, specialists on fields related to medical sciences and Dental Surgeons shall only be hired by State institutions if Costa Rican professional services suppliers are not willing to provide their services under the conditions required by such institutions.</p> <p>The owner of an audiological establishment shall have a national identity card or legal personality card.</p>
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<b>5. Sector:</b>	Land Transportation Services – Road Freight Transportation
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favoured-Nation Treatment (Articles 9.4 and 10.3) Senior Management and Board of Directors (Article 9.10) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Executive Decree No. 31363– MOPT of 02 June 2003 – Regulation of Road Circulation based on Weight and Dimensions of Freight Vehicles ( <i>Reglamento de Circulación por Carretera con base en el Peso y las Dimensiones de los Vehículos de Carga</i> ) – Articles 69 and 71.  Executive Decree No. 15624– MOPT of 28 August 1984 – Regulation of Automotive Freight Transport ( <i>Reglamento del Transporte Automotor de Carga Local</i> ) – Articles 5, 7, 8, 9, 10 and 12.
<b>Description:</b>	<u>Investment and Cross– Border Trade in Services</u>  Only Costa Rican nationals or enterprises may supply motorized transportation services between two points within the territory of Costa Rica. Such an enterprise must meet the following requirements: (a) at least 51 percent of its capital must be owned by Costa Rican nationals; and (b) Costa Rican nationals must have effective control and management of the enterprise.  No motor vehicle, trailer, or tractor-trailer with foreign license plates may transport goods within the territory of Costa Rica. This prohibition does not apply to vehicles, trailers, or tractor-trailers registered in one of the Central American countries.  Foreign enterprises involved in international multi-modal freight transportation must contract enterprises organized under the laws of Costa Rica to transport containers and tractor-trailers within Costa Rica.

<b>6. Sector:</b>	Tourist Guides
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Executive Decree No. 31030-MEIC-TUR of 17 January 2003 – Regulation of Tourist Guides ( <i>Reglamento de los Guías de Turismo</i> ) – Article 11.
<b>Description:</b>	<u>Cross– Border Trade in Services</u>  Only Costa Rican nationals or residents may apply for tourist guides licenses.

<b>7. Sector:</b>	Travel Agencies and Tourism
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 5339 of 23 August 1973 – Regulatory Law on Travel Agencies (<i>Ley Reguladora de las Agencias de Viajes</i>) –Article 8.</p> <p>Law No. 6990 of 15 July 1985 – Law of Incentives for Tourism Development (<i>Ley de Incentivos para el Desarrollo Turístico</i>) – Articles 6 and 7.</p> <p>Law No. 8724 of 17 July 2009 – Law for the Promotion of Community Rural Tourism (<i>Fomento del Turismo Rural Comunitario</i>) –Articles 1, 4 and 12.</p> <p>Executive Decree No. 24863-H-TUR of 5 December 1995 – Regulation of the Law of Incentives for Tourism Development (<i>Reglamento Ley de Incentivos para el Desarrollo Turístico</i>) – Articles 18, 32, 33, 34, 35, 36 and 36 bis.</p> <p>Executive Decree No. 25148-H-TUR of 20 March 1996 – Regulates Renting of Vehicles to National and Foreign Tourists (<i>Regula Arrendamiento de Vehículos a Turistas Nacionales y Extranjeros</i>) – Article 7.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Costa Rica reserves the right to limit the number of travel agencies authorized to operate in Costa Rica based on demand for that service.</p> <p>Costa Rica reserves the right to limit the granting of incentives for tourism development based on: the contribution to the balance of payments; the use of national raw material and inputs; the creation of direct and indirect jobs; the effects on regional development; the modernization or diversification of national tourism offer; the increases of the internal and international tourism demand; and the benefits reflected in other sectors.</p> <p>Rural community tourism activities can only be performed by enterprises incorporated in Costa Rica as associations or as rural self-managed cooperatives, in accordance with Costa Rican law. Economic needs tests are required.</p> <p>In evaluating applications by enterprises for benefits in the rural community tourism sector, it shall be taken into account that the enterprise uses raw material produced in the zone of influence of the tourism project.</p>

<b>8. Sector:</b>	Transportation Services - Custom Brokers - Assistant Custom Brokers - Custom Transportation Agents - Other public function customs auxiliary
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 7557 of 20 October 1995 – General Customs Law (<i>Ley General de Aduanas</i>) – Articles 28, 29, 33, 35, 40, 41, 44, 46 and 49.</p> <p>Executive Decree No. 25270-H of 14 June 1996 – Regulation to the General Customs Law (<i>Reglamento a la Ley General de Aduanas</i>) – Articles 77, 78 and 113.</p> <p>Executive Decree No. 38998 of 24 February 2015 - Regulation of the Customs Facilitation Programme for Reliable Trade in Costa Rica (<i>Reglamento del Programa de Facilitación Aduanera para el Comercio Confiable en Costa Rica</i>) – Articles 2, 7 and 12.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only persons or enterprises that have a legal representative and corporate headquarters in Costa Rica may act as a customs transportation agent, international freight agent, customs depositary, or other public function customs auxiliary.</p> <p>Only Costa Rican nationals may act as customs brokers.</p> <p>Natural and juridical persons wishing to obtain the status of trusted business and the subsequent benefits from the Customs Facilitation Programme for Reliable Trade in Costa Rica (PROFAC, for its Spanish acronym) must be domiciled in the Costa Rican national customs territory and, in the case of juridical persons, be constituted according to Costa Rican law.</p>

<b>9. Sector:</b>	Scientific, Research and Sporting Services Services Incidental to Agriculture, Animal Husbandry, Aquaculture, Logging and Forestry
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 7788 of 30 April 1998 – Biodiversity Law ( <i>Ley de Biodiversidad</i> ) – Articles 7 and 63.  Law No. 7317 of 30 October 1992 – Wildlife Conservation Law ( <i>Ley de Conservación de la Vida Silvestre</i> ) – Articles 2, 28, 29, 31,38, 39, 61, 64 and 66.  Executive Decree No. 32633-MINAE of 10 March 2005 – Regulation to the Wildlife Conservation Law ( <i>Reglamento a la Ley de Conservación de la Vida Silvestre</i> ) – Chapter V.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Foreign nationals or enterprises domiciled abroad that supply scientific research and bioprospecting <sup>3</sup> services with regard to biodiversity <sup>4</sup> in Costa Rica, shall designate a legal representative that resides in Costa Rica.  A license for scientific or cultural collection of species, scientific hunting, and scientific or cultural fishing shall be issued for a maximum of one year for Costa Rican nationals or resident foreigners, and six months or less for all other foreigners.  Costa Rican nationals and resident foreigners shall pay a lower fee than non-resident foreigners to obtain this license.

<sup>3</sup>“Bioprospecting” includes the systematic search, classification, and investigation, for commercial purposes, of new sources of chemical compounds, genes, proteins, microorganisms, and other products with real or potential economic value found in biodiversity.

<sup>4</sup>“Biodiversity” includes the variability of live organisms of any source, found in land, air, marine, aquatic, or other ecological ecosystems, as well as the diversity within each species and between species and the ecosystems of which they are a part. Biodiversity also includes intangible elements such as: the knowledge, innovation, and individual or collective traditional practice, with real or potential economic value, associated with genetic and bio-chemical resources protected or not by intellectual property rights or *sui generis* registry systems.

<b>10. Sector:</b>	Free Zones
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 7210 of 23 November 1990 – Free Zone Regime Law (<i>Ley de Régimen de Zonas Francas</i>) – Article 22.</p> <p>Executive Decree No. 34739-COMEX-H of 29 August 2008 – Regulation to the Free Zone Regime Law (<i>Reglamento a la Ley de Régimen de Zonas Francas</i>) – Article 71 and Chapter 13.</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>An enterprise established in the Free Zone in Costa Rica may introduce into Costa Rica’s customs territory up to twenty-five percent of its total sales. However, in the case of exporter industries and services enterprises, they may introduce into Costa Rica’s customs territory a maximum percentage of 50 percent.</p> <p>A non-producer exporter commercial enterprise, established in the Free Zone in Costa Rica that simply handles, re-packs or redistributes non-traditional goods and products for exportation or re-exportation, cannot introduce any percentage of its total sales into Costa Rica’s customs territory.</p>



<b>11. Sector:</b>	News Agency Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Executive Decree No. 32599 of 13 June 2005 – Regulation of the Professional Association of Journalists of Costa Rica ( <i>Reglamento del Colegio de Periodistas de Costa Rica</i> ) – Articles 3, 47 and 48.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Except if authorized, a journalist who is a foreign national may cover events in Costa Rica only if he or she is a resident of Costa Rica.</p> <p>The Board of Directors of the Professional Association of Journalists (<i>Colegio de Periodistas</i>) may grant non-resident foreign nationals a special permit to cover events in Costa Rica for up to one year and may extend that period, provided that doing so does not harm or conflict with the interests of members of the Professional Association of Journalists (<i>Colegio de Periodistas</i>).</p> <p>If the Professional Association of Journalists (<i>Colegio de Periodistas</i>) decides that an event of international importance will or has occurred in Costa Rica, the Professional Association of Journalists (<i>Colegio de Periodistas</i>) may grant a non-resident foreign national with appropriate professional credentials a temporary permit to cover the event for the foreign media the journalist represents. Such permit may be valid for up to one month after the event.</p>

<b>12. Sector:</b>	Tourism Marinas and Related Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 7744 of 19 December 1997 – Law of Concession and Operation of Tourist Marinas and Berths ( <i>Ley de Concesión y Operación de Marinas y Atracaderos Turísticos</i> ) – Articles 1, 5, 12 and 21.  Executive Decree No. 38171-TUR-MINAE-S-MOPT of 17 October 2013 – Regulation to the Law of Concession and Operation of Tourist Marinas and Berths ( <i>Reglamento a la Ley de Concesión y Operación de Marinas y Atracaderos Turísticos</i> ) - Articles 29, 67 and 68.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  To obtain concessions to develop tourism marinas or docking facilities, enterprises with their principal place of business abroad must be established in Costa Rica. The granting of the concession for tourism marinas is subject to economic needs tests.  Foreign nationals shall appoint a representative with sufficient legal authority and with permanent residence in Costa Rica.  All foreign flag vessels using marina services will have a two-year permit to remain in Costa Rican waters and territory, extendable for like periods. While in Costa Rican waters and territories, foreign flag vessels and their crew cannot supply profit-making activities of water transportation services, or fishing, diving, or other sports or tourism-related activities.

<b>13. Sector:</b>	Importation and Wholesale Distribution – Crude Oil and Its Derivatives
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 7356 of 24 August 1993 – Law of the Hydrocarbon State Monopoly by Recope “Establishes Monopoly in favor of the State for the Import, Refining and Distribution of Oil, Fuels, Asphalts and Naphthas” ( <i>Ley del Monopolio Estatal de Hidrocarburos Administrado por Recope “Establece Monopolio a favor del Estado para la Importación, Refinación y Distribución de Petróleo, Combustibles, Asfaltos y Naftas”</i> ) – Articles 1, 2 and 3.
<b>Description:</b>	<u>Cross-Border Trade in Services:</u>  Importation and wholesale distribution of crude oil and its derivatives, including fuels, asphalts, and naphthas to satisfy the national demand, are State monopolies.

<b>14. Sector:</b>	Wholesale and Retail Distribution Services – Private pharmaceutical establishments
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 5395 of 30 October 1973 – General Health Law (<i>Ley General de Salud</i>) –Articles 96, 97, 100, 101, 102, 106, 112, 119, 128, 132, 133 and 134.</p> <p>Executive Decree No. 16765 of 13 December 1985 – Regulation of Private Pharmaceutical Establishments (<i>Reglamento de Establecimientos Farmacéuticos Privados</i>) – Articles 3, 5, 6, 20 and 27.</p> <p>Executive Decree No. 25493-S of 30 August 1996 – Provisions for the Registration of Pharmaceutical Establishments in the Ministry of Health, Both to Start Operations and to Renew the Permit Every Two Years (<i>Disposiciones para la inscripción de los establecimientos farmacéuticos en el Ministerio de Salud, tanto para iniciar operaciones como para renovar el permiso cada dos años</i>) – Articles 1 and 2.</p> <p>Law No. 7786 of 30 April 1998 – Law on Narcotics, Psychotropic Substances, Drugs of Unauthorized Use, Related Activities, Legitimization of Capital and Financing of Terrorism (<i>Ley sobre estupefacientes, sustancias psicotrópicas, drogas de uso no autorizado, actividades conexas, legitimación de capitales y financiamiento al terrorismo</i>) – Articles 2 and 38.</p> <p>Executive Decree No. 37111-S of 12 January 2012 – Regulation for the Control of Narcotic and Psychotropic Drugs (<i>Reglamento para el Control de Drogas Estupefacientes y Psicotrópicas</i>) – Articles 15, 16, 18, 21, 41, 42, 44 and 50.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>A person that supplies retail and wholesale services of pharmaceutical and veterinary products, including narcotics (<i>estupefacientes</i>), psychotropic substances, cosmetics and dietary supplements that contain medicinal substances, must be established in Costa Rica. Such pharmaceutical establishment must be registered and approved by the competent authorities and the authorization is limited to a specific timeframe.</p> <p>All private pharmaceutical establishments require the regency of the corresponding professional for its operation. This professional can</p>

	<p>only oversee one establishment at a time.</p> <p>The importation and distribution of narcotics and psychotropic substances are subject to economic needs tests.</p>
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<b>15. Sector:</b>	Wholesale and Retail Distribution Services – Biomedical Equipment and Materials
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Executive Decree No. 34482-S 03 of March of 2008 – Regulation for the Registration, Classification, Importation and Control of Biomedical Equipment and Material ( <i>Reglamento para el registro, clasificación, importación y control de equipo y material biomédico</i> ) – Articles 5, 6, 7, 8, 9, 10 and 21.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The importation, commercialization and distribution of biomedical equipment and materials requires registration before the competent health authority. A person seeking to import such products must have a legal representative in Costa Rica. A person that distributes biomedical equipment and materials- wholesale or retail- must have an office in Costa Rica.</p>

<b>16. Sector:</b>	Water Transportation Services <sup>5</sup>
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 104 of 06 June 1853 – Commercial Code of 1853 – Book III of Maritime Trade (<i>Código de Comercio de 1853- Libro III Del Comercio Marítimo</i>) – Articles 537 and 580.</p> <p>Law No. 12 of 22 October 1941 – Law of Ship Flagging (<i>Ley de Abanderamiento de Barcos</i>) – Articles 5, 41 and 43.</p> <p>Executive Decree No. 12568-T-S-H of 30 April 1981 – Regulation of the Costa Rican Vessel Registry (<i>Reglamento del Registro Naval Costarricense</i>) – Articles 8, 10, 11, 12 and 13.</p> <p>Executive Decree No. 23178-J-MOPT of 18 April 1994 – Transfers the National Registry of Ships to the Public Registry of Movable Property (<i>Traslada Registro Nacional Buques al Registro Público Propiedad Mueble</i>) – Article 5.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Only Costa Rican nationals, Costa Rican public entities, enterprises constituted and domiciled in Costa Rica, and shipping company representatives can register vessels in Costa Rica. This rule may not apply to foreign nationals or foreign enterprises registering vessels smaller than 50 tons for non-commercial use only.</p> <p>All natural persons or enterprises established abroad that own one or more foreign registered vessels located in Costa Rica shall appoint and maintain an agent or legal representative in Costa Rica to act as liaison with the official authorities in all vessel-related matters.</p> <p>Trade activities and tourist water transportation activities between Costa Rican ports must be conducted by vessels registered in Costa Rica.</p> <p>Foreign nationals who wish to act as captain of a vessel with Costa Rican registry and flag must post a bond equivalent to at least half of the value of the vessel under his/her command.</p>

<sup>5</sup> For greater certainty, maritime services in national ports are subject to Entry CR- 4 [Public Services] and Entry CR- 11 [Railways, Ports and Airports] in Annex II.

	<p>At least ten per cent of the crew on Costa Rican registered vessels used for international traffic that call on Costa Rican ports shall be Costa Rican nationals, provided that such trained personnel are available domestically.</p>
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<b>17. Sector:</b>	Air Transportation Services and Specialty Air Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Most-Favoured Nation Treatment (Article 9.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 5150 of 14 May 1973 – General Law of Civil Aviation (<i>Ley General de Aviación Civil</i>) – Articles 36, 37, 42, 128, 143, 149, 150, 156 and 172.</p> <p>Executive Decree No. 4440 of 3 January 1975 – Regulation for the Operation of the Costa Rican Aeronautical Registry (<i>Reglamento para la Operación del Registro Aeronáutico Costarricense</i>) – Articles 20 and 38.</p> <p>Executive Decree No. 38716-MOPT of 16 June 2014 – Regulation of Licenses for Aeronautical Technical Personnel, named RAC-LPTA - Costa Rican Aeronautical Regulations (<i>Reglamento de Licencias al Personal Técnico Aeronáutico, denominado RAC-LPTA Regulaciones Aeronáuticas Costarricenses</i>).</p> <p>Executive Decree No. 31520-MS-MAG-MINAE-MOPT-MGPSP of 16 October 2003 – Regulation for Agricultural Aviation Activities (<i>Reglamento para las Actividades de la Aviación Agrícola</i>) - Article 13.</p> <p>Executive Decree No. 37972-MOPT of 16 August 2013 – Regulation for the Granting of Operating Certificates (<i>Reglamento para el otorgamiento de certificados de explotación</i>) - Article 4.</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>Certificates for the supply of any aeronautical services shall be issued to foreign enterprises constituted under foreign law, based on the principle of reciprocity.</p> <p>Only Costa Rican nationals or enterprises may register aircraft in the Costa Rican Aeronautical Registry (<i>Registro Aeronáutico Costarricense</i>) to be used for remunerated air activities. Foreign nationals that legally reside in Costa Rica may also register aircraft used exclusively for non-commercial purposes.</p> <p>In the absence of agreements or conventions, certificates for the supply of international air transportation shall be issued based on the principle of reciprocity.</p> <p>At least 51 percent of the capital of enterprises wishing to obtain an exploitation certificate for developing agricultural aviation activities must be owned by Costa Rican nationals.</p>

	Every holder of a provider certificate must maintain an operation and maintenance base in Costa Rica.
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<b>18. Sector:</b>	Telecommunications Services <sup>6</sup>
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Political Constitution of the Republic of Costa Rica (<i>Constitución Política de la República de Costa Rica</i>) – Article 121, paragraph 14.</p> <p>Law No. 8642 of 04 June 2008- General Telecommunications Law (<i>Ley General de Telecomunicaciones</i>)- Articles 1, 5, 7, 10, 11, 12, 19, 20, 21, 22, 23, 24, 25, 26, 28 and 30.</p> <p>Executive Decree No. 34765-MINAET of 22 September 2008 – Regulation to the General Telecommunications Law (<i>Reglamento a la Ley General de Telecomunicaciones</i>) – Articles 2, 6, 7, 10, 21, 22, 33, 34, 35, 37, 43, 45, 45 bis and 46.</p> <p>Law No. 8660 of 08 August 2008 – Law on Strengthening and Modernization of Public Entities in the Telecommunications Sector (<i>Ley de Fortalecimiento y Modernización de las Entidades Públicas del Sector Telecomunicaciones</i>) – Articles 5, 7, 18 and 39.</p> <p>Law No.7789 of 30 April 1998 – Law of Transformation of the Public Services Enterprise of Heredia ESPH (<i>Ley de Transformación de la Empresa de Servicios Públicos de Heredia ESPH</i>) – Articles 7 and 15.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>In Costa Rica, wireless services shall not be permanently removed from State ownership and can only be exploited by the public administration or by private parties, in accordance with the law or by a special concession granted for a limited time and subject to conditions and stipulations to be established by the Legislative Assembly of Costa Rica.</p> <p>Concessions, authorizations and permits shall be required to supply telecommunications services in Costa Rica. Economic needs tests are required to grant such concessions, authorizations and permits.</p> <p>The supply of basic traditional telephony services (<i>telefonía básica tradicional</i>) requires a special concession granted by the Legislative Assembly of Costa Rica.</p>

<sup>6</sup> Defined as all services consisting, totally or principally, in the transport of signals through telecommunications networks, except broadcasting.

	<p>Participation in the capital of enterprises constituted or acquired by the Costa Rican Institute of Electricity (<i>Instituto Costarricense de Electricidad</i>) shall be limited to 49 per cent.</p> <p>The Public Services Enterprise of Heredia (<i>Empresa de Servicios Públicos de Heredia</i>) can establish joint ventures with persons established under public or private law, provided that the latter have a minimum of 51 per cent of Costa Rican capital.</p> <p>Services must be supplied through a commercial presence. Residency requirements apply.</p>
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<b>19. Sector:</b>	Audiovisuals – Advertising – Services of Cinema, Radio, Television, and Other Shows
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favoured Nation (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 8642 of 04 July 2008 – General Telecommunications Law (<i>Ley General de Telecomunicaciones</i>) – Articles 1, 4, 7, 10, 11, 12, 19, 20, 21, 22, 23, 24, 25 and 30.</p> <p>Executive Decree No. 34765-MINAET of 22 September 2008 – Regulation to the General Telecommunications Law (<i>Reglamento a la Ley General de Telecomunicaciones</i>) – Articles 5, 127, 128, 131, 133, 134, 138, 140 and 141.</p> <p>Law No. 6220 of 20 April 1978 – Law that Regulates Broadcast Media and Advertising Agencies (<i>Ley que Regula Medios de Difusión y las Agencias de Publicidad</i>) – Articles 3 and 4.</p> <p>Law No. 1758 of 19 June 1954 – Radio Act (Wireless Services) (<i>Ley de Radio (Servicios Inalámbricos)</i>) – Article 7, 11,12 and 25.</p> <p>Law No. 4325 of 17 February 1969 –Advertisement of Artistic Programs of National Production (<i>Publicidad Programas Artísticos de Producción Nacional</i>) – Article 1.</p> <p>Law No. 5812 of 10 October 1975 – Law that Regulates Hiring and Taxes to Foreign Entertainment Artists (<i>Ley que Regula Contratación e Impuestos a Artistas Extranjeros del Espectáculo</i>) – Article 3.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Wireless services shall not be permanently removed from State ownership and they may be exploited only by the public administration or by private parties, in accordance with the law or under a special concession granted for a limited time and on the basis of conditions and stipulations to be established by the Legislative Assembly.</p> <p>Concessions, authorizations and permits shall be required to supply radio and television transmission services by subscription in Costa Rica. Economic needs tests are required to grant such concessions, authorizations and permits. Such services must be supplied through a</p>

<p>commercial presence. Residency requirements apply.</p> <p>For integrated terrestrial television systems by subscription, concessionaires shall include in its programming the Costa Rican television channels that cover at least sixty percent of the Costa Rican territory, which meet a minimum of fourteen hours of daily transmission, that the signal reception meets the minimum requirements set out in the regulation, which have acceptable rates of audience and have the corresponding transmission rights. The television services by subscription, will broadcast integrally, without modifications, including advertising of the transmitted national channels.</p> <p>Only natural or legal persons in the form of sole proprietorship/personal companies (<i>sociedades personales</i>) or enterprises of capital with nominative stocks may exploit mass media and advertising agencies. Such companies (<i>sociedades</i>) shall be registered in the Public Registry (<i>Registro Público</i>).</p> <p>It is absolutely forbidden to encumber shares and quotas of a company owning any media or advertising agency in favour of corporations (<i>sociedades anónimas</i>) with bearer shares (<i>acciones al portador</i>), or of natural or juridical foreign persons.</p> <p>Commercial breaks (<i>cuñas</i>), spots and filmed commercials used in programs sponsored by the State's autonomous or semi-autonomous institutions, the Government of the Republic and all entities supported by the State, shall be produced by Costa Rican nationals.</p> <p>Broadcasters in commercial breaks for cinema, radio and television shall register with the Department of Radio of the Ministry of Science, Technology and Telecommunications. Foreign broadcasters shall be residents in Costa Rica in order to register with the Department of Radio. The broadcasting of commercial breaks shall not be authorized if the broadcasters are not registered as required under the Regulation to the General Telecommunications Law (<i>Reglamento a la Ley General de Telecomunicaciones</i>).</p> <p>Commercial breaks are considered national when they have been produced and edited in Costa Rica. Commercial breaks are also considered national when they are produced in any of the countries of the Central America area with which there is reciprocity in the matter.</p> <p>Radio, television and cinema programs must observe the following rules:</p> <ul style="list-style-type: none"><li>a) If the commercials consist of jingles recorded abroad, a lump sum must be paid every time the commercial is transmitted.</li><li>b) Only 30 percent of the commercials projected per day on each</li></ul>
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	<p>television station or cinema may originate from outside of Costa Rica.</p> <ul style="list-style-type: none"><li>c) Importation of commercials from outside the Central American region must pay a tax of 100 percent of its value.</li><li>d) The number of radio programs and radio soap operas recorded abroad may not exceed 50 percent of the total number aired per radio station per day.</li><li>e) The number of programs filmed or videotaped abroad may not exceed 60 percent of the total number of programs projected per day.</li></ul> <p>A person who hires or employs foreign artists shall hire the same number of Costa Rican artists for the same show unless the union representing the majority of the artists indicates that there are not enough Costa Rican artists to be hired.</p>
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<b>20. Sector:</b>	Commercialization of Alcoholic Beverages
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 9047 of 25 June 2012- Law of Regulation and Commercialization for Beverages with Alcoholic Content ( <i>Ley de Regulación y Comercialización de bebidas con contenido alcohólico</i> ) - Articles 2, 3, 4, 5, 8 and 9.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Licenses are required for retail commercialization of alcoholic beverages by natural and juridical persons. The licenses shall be granted by the municipality where the business is placed. Licenses are classified in 5 classes (A, B, C, D and E)<sup>7</sup> and shall be valid for 5 years, automatically extendable for equal periods, and cannot be sold, exchanged, leased, transferred, passed on, alienated or negotiated in any way.</p> <p>Licenses shall be granted subject to the following criteria:</p> <ul style="list-style-type: none"> <li>(a) the provisions of the relevant urban plan (<i>plan regulador</i>) or, in its place, other norm in force;</li> <li>(b) the provisions on the use of land;</li> <li>(c) convenience, rationality, proportionality, reasonability, superior interest of minors, social risk and balanced development of the canton (<i>cantón</i>), as well as respect of freedom of commerce and the right to health; for this purpose, the municipalities may get the collaboration of the Ministry of Health and the Institute of Alcoholism and Drug-Dependency; and</li> <li>(d) in case of class A and B licenses, only one license may be granted for a maximum of three hundred (300) residents.</li> </ul> <p>Class A, B and C licenses cannot be granted to businesses located in zones established for residential use, or in accordance with what is established by the urban plan (<i>plan regulador</i>) or by other related</p>

<sup>7</sup> The definitions of the classes of licenses are described in article 9 of Law No.9074- *Ley de Regulación y Comercialización de bebidas con contenido alcohólico*. For transparency, the following is a short description of the type of activities and businesses that each licenses include:

- a) License A: businesses where alcoholic beverages are commercialized, but cannot be consumed on premises.
- b) License B: businesses where alcoholic beverages are commercialized and can be consumed on premises, such as *cantinas*, bars, taverns, ballrooms, discos, nightclubs and cabarets.
- c) License C: businesses where alcoholic beverages are commercialized and can be consumed on premises with food.
- d) License D: minimarkets and supermarkets.
- e) License E: activities and enterprises declared of touristic interest by the Costa Rican Institute of Tourism (ICT)



	<p>regulations in force. For granting class A and B licenses, businesses must be located at least 400 meters away from any public or private education centers, child nutrition centers, premises where religious activities are conducted and have permission to operate, care centers for the elderly people, hospitals, clinics or a basic integral health care centre (<i>Equipo Básico de Atención Integral en Salud - Ebais</i>). In the case of a class C license, the minimum distance abovementioned shall be at least 100 meters.</p>
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## Annex II

### SCHEDULE OF COSTA RICA

#### EXPLANATORY NOTE

1. The Schedule of Costa Rica to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the reservations adopted for specific sectors, sub-sectors, or activities for which Costa Rica may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Articles 9.2 (National Treatment) or 10.3 (National Treatment);
- (b) Articles 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence);
- (d) Article 9.9 (Performance Requirements);
- (e) Article 9.10 (Senior Management and Boards of Directors); or
- (f) Article 10.4 (Market Access).

2. Each entry in the Schedule sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the sectors, subsectors, or activities listed in the entry; and
- (c) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry.

3. In accordance with Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.

4. In interpreting a reservation in the Schedule, all elements of the entry shall be considered. The **Description** element shall prevail over the other elements.

<b>1. Sector:</b>	All sectors
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3)
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Costa Rica reserves, vis-à-vis Korea, the right to adopt or maintain any measure that accords differential treatment to countries in accordance with:</p> <ul style="list-style-type: none"> <li>(a) any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement; or</li> <li>(b) any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving: <ul style="list-style-type: none"> <li>(i) aviation;</li> <li>(ii) fisheries; or</li> <li>(iii) maritime matters, including salvage.</li> </ul> </li> </ul>

<b>2. Sector:</b>	Cultural Industries
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9)
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Costa Rica reserves the right to adopt or maintain any measure that accords differential treatment to countries under any existing or future bilateral or multilateral international agreement with respect to cultural industries, such as audiovisual cooperation agreements.</p> <p>For greater certainty, government supported subsidy programs for the promotion of cultural activities are not subject to the limitations or obligations of this Agreement.</p> <p>Cultural industries means persons engaged in any of the following activities:</p> <ul style="list-style-type: none"> <li>(a) publication, distribution, or sale of books, magazines, periodical publications, or printed or electronic newspapers, excluding the printing and typesetting of any of the foregoing;</li> <li>(b) production, distribution, sale, or display of recordings of movies or videos;</li> <li>(c) production, distribution, sale, or display of music recordings in audio or video format;</li> <li>(d) production, distribution, or sale of printed music scores or scores readable by machines; or</li> <li>(e) radiobroadcasts aimed at the public in general, as well as all radio, television, and cable television-related activities, satellite programming services, and broadcasting networks.</li> </ul>

<b>3. Sector:</b>	Social Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Local Presence (Article 10.5) Market Access (Article 10.4)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, child care, public sewage services, and water supply services.

<b>4. Sector:</b>	Public Services <sup>1</sup>
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Local Presence (Article 10.5) Market Access (Article 10.4)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to concessions, permits and authorizations for economic activities or services considered as public services in accordance with the Costa Rican legislation. Costa Rica also reserves the right to adopt or maintain any measure regarding institutions and public enterprises that, as a legal mandate, supply any public service and are not required to obtain a concession, permit or authorization; as well as any measure related to State monopolies created by law or granted in administration.

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<sup>1</sup> Public services include: electric energy supply, including generation, transmission, distribution and commercialization; supply of sewage and water services which includes drinkable water, collection, treatment and evacuation of sewage, residual and pluvial waters, as well as the installation, operation, and maintenance of hydrant services; fuel supply derivatives from hydrocarbons, including petroleum, asphalts, gas and naphthas, destined to supply national demand in distribution stations, as well as the derivatives from petroleum, asphalts, gas and naphthas destined to the final consumer; irrigation and drainage; remunerated public transport of persons, except for air transportation; maritime and air services in national ports; freight transport by railroad; recollection and treatment of solid and industrial wastes; social services of postal communication; and any other services that, given their importance for the sustainable development of the country, are qualified and regulated as such by the Legislative Assembly.

<b>5. Sector:</b>	Education services - pre-primary, primary, secondary, higher and other education
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Local Presence (Article 10.5) Market Access (Article 10.4)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to pre-primary, primary and secondary education; higher education; distance education at all education levels (except adult education services, provided that such services do not confer academic credit, diplomas or degrees); and other education services.

<b>6. Sector:</b>	Social Services - Human Health Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to human health services.



<b>7. Sector:</b>	Minority Affairs and Native Groups
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure that grants rights or preferences to social or economic groups under disadvantage or to native groups.

<b>8. Sector:</b>	Lottery, Betting and Gambling
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to lottery, betting and gambling.

<b>9. Sector:</b>	Game Services <sup>2</sup>
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Description:</b>	<u>Cross-Border Trade in Services</u> Costa Rica reserves the right to adopt or maintain any measure with respect to cross-border trade in game services.

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<sup>2</sup> For greater certainty, this reservation does not apply to Lottery, Betting and Gambling; which are covered by Entry CR- 8 of this Annex (Lottery, Betting and Gambling).

<b>10. Sector:</b>	Electric Energy
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure regarding electric energy, including the generation, transmission, transformation, distribution and commercialization.

<b>11. Sector:</b>	Railways, Ports and Airports
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Senior Management and Boards of Directors (Article 9.10) Performance Requirements (Article 9.9) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure regarding railways, ports and airports.

<b>12. Sector:</b>	Natural Resources
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment(Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to natural resources, including conservation, management, protection, exploration, extraction and exploitation.

<b>13. Sector:</b>	Fishing and Services Incidental to Fishing
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to fishing and services incidental to fishing.

<b>14. Sector:</b>	Environmental Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to environmental services.



<b>15. Sector:</b>	Postal Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to postal services that do not constitute express delivery services. <sup>3</sup>

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<sup>3</sup> For purposes of this Agreement, **express delivery services** means the collection, transport, and delivery, of documents, printed matter, parcels, goods, or other items on an expedited basis, while tracking and maintaining control of these items throughout the supply of the service. Express delivery services do not include (i) air transport services, (ii) services supplied in the exercise of governmental authority or reserved to the State and its enterprises in accordance with the national legislation, (iii) social services of postal communication, or (iv) maritime transport services.

<b>16. Sector:</b>	Radio and Television Services (Broadcasting)
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Senior Management and Boards of Directors (Article 9.10) Performance Requirements (Article 9.9) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to radio and television services (broadcasting).

<b>17. Sector:</b>	Investigation and Security Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to investigation and security services.

<b>18. Sector:</b>	Arms and Explosives
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to arms and explosives, including the manufacture, use, sale, storage, transport, importation, exportation and possession of arms and explosives.

<b>19. Sector:</b>	Manufacturing of liquor
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9)
<b>Description:</b>	<p><u>Investment</u></p> <p>Costa Rica reserves the right to adopt or maintain any measure with respect to manufacturing of liquor.</p>

<b>20. Sector:</b>	Recreational, Cultural, and Sporting Services - Motion Picture Promotion, Advertising or Post-Production Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Costa Rica reserves the right to adopt or maintain any measure with respect to motion picture promotion, advertising, or post-production services.

## Annex III

### SCHEDULE OF COSTA RICA

#### EXPLANATORY NOTE

1. The Schedule of Costa Rica to Annex III sets out:
  - (a) headnotes that limit or clarify the commitments of Costa Rica with respect to the obligations described in subparagraphs (b) and (c);
  - (b) in Section A, pursuant to Article 11.9 (Non-Conforming Measures), the existing measures of Costa Rica that do not conform to some or all of the obligations imposed by:
    - (i) Article 11.2 (National Treatment);
    - (ii) Article 11.3 (Most-Favored-Nation Treatment);
    - (iii) Article 11.4 (Market Access for Financial Institutions);
    - (iv) Article 11.5 (Cross-Border Trade); or
    - (v) Article 11.8 (Senior Management and Boards of Directors); and
  - (c) in Section B, pursuant to Article 11.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Costa Rica may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), 11.5 (Cross-Border Trade), or 11.8 (Senior Management and Boards of Directors).
2. Each entry in Section A sets out the following elements:
  - (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Subsector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1(b) that, pursuant to Article 11.9 (Non-Conforming Measures), do not apply to the listed measure(s);
  - (d) **Level of Government** indicates the level of government maintaining the listed measure(s);
  - (e) **Measures** identifies the laws, regulations or other measures for which the entry is made. 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** provides a general, non-binding description of the **Measures**.
3. Each entry in Section B sets out the following elements:
- (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Subsector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1(c) that, pursuant to Article 11.9 (Non-Conforming Measures), do not apply to the sectors, subsectors, or activities listed in the entry;
  - (d) **Level of Government** indicates the level of government maintaining the listed measure(s); and
  - (e) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry.
4. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:
- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the **Measures** element as so qualified shall prevail over all other elements; and
  - (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.
5. For entries in Section B, in accordance with Article 11.9.2 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.
6. Where Costa Rica maintains a measure that requires that a service supplier be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), or 11.5 (Cross-Border Trade) shall operate as a non-conforming



measure with respect to Articles 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment) and 9.9 (Performance Requirements), to the extent of that measure.

## **Annex III**

### **SCHEDULE OF COSTA RICA**

#### **HEADNOTE**

1. Commitments in the subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedules below.
2. Juridical persons seeking to supply or that are supplying banking or other financial services and that will be or have been constituted under the laws of Costa Rica are subject to non-discriminatory limitations on juridical form.
3. A measure adopted or maintained for prudential reasons is not required to be listed as a reservation in Section A or B. However, the listing of a measure as a reservation in Section A or B does not mean that it cannot otherwise be justified as a measure adopted or maintained for prudential reasons.
4. Costa Rica limits its commitments under Article 11.9.1(c) (Non-Conforming Measures) with respect to Article 11.4 (Market Access for Financial Institutions) in the following manner: Article 11.9.1(c) shall apply only to non-conforming measures relating to Article 11.4.1(a) and not to those non-conforming measures relating to Article 11.4.1(b)<sup>1</sup>.
5. Appendix III-1 refers to certain measures that the Parties consider to be not inconsistent with Articles 11.2 (National Treatment) or 11.4 (Market Access for Financial Institutions) or that are subject to Article 11.10 (Exceptions).

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<sup>1</sup> Article 11.3 (Most-Favoured-Nation Treatment) shall not apply with regard to the limitation in the application of Article 11.9.1(c) described above in paragraph 4.

### Annex III

#### Schedule of Costa Rica

#### Section A

<b>1. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and other financial services
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 1644 of 26 September 1953 – Organic Law of the National Banking System (<i>Ley Orgánica del Sistema Bancario Nacional</i>)</p> <p>Law No. 4646 of 20 October 1970 – Law that Modifies the Integration of the Boards of Directors of Autonomous Institutions (<i>Ley que Modifica la Integración de las Juntas Directivas de Instituciones Autónomas</i>)</p> <p>Law No. 7558 of 3 November 1995 – Organic Law of the Central Bank of Costa Rica (<i>Ley Orgánica del Banco Central de Costa Rica</i>)</p> <p>Law No. 7732 of 17 December 1997 – Regulatory Law of the Securities Market (<i>Ley Reguladora del Mercado de Valores</i>)</p> <p>Law No. 8187 of 18 December 2001 – Reform of Article 117 of the Organic Law of the National Banking System, No. 1644 and its reforms (<i>Reforma del Artículo 117 de la Ley Orgánica del Sistema Bancario Nacional, No. 1644 y sus reformas</i>)</p> <p>Law No. 7107 of 4 November 1988 – Modernization Law of the Financial System of the Republic (<i>Ley de Modernización del Sistema Financiero de la República</i>)</p> <p>Law No. 7052 of 27 November 1986 – Law of the Financial System for Housing and the Creation of BANHVI (Housing Mortgage Bank) (<i>Ley del Sistema Financiero Nacional para la Vivienda y Creación del Banco Hipotecario de la Vivienda</i>)</p> <p>Law No. 4351 of 11 July 1969 – Organic Law of the Popular and Community Development Bank (<i>Ley Orgánica del Banco Popular y de Desarrollo Comunal</i>)</p> <p>Executive Decree No. 28985 of 18 October 2000 – Regulation to Article 59 of the Organic Law of the National Banking System (<i>Reglamento al artículo 59 de la Ley Orgánica del Sistema Bancario Nacional</i>)</p> <p>Law No. 8634 of 23 April 2008 – Law of the Banking System for Development (<i>Ley del Sistema de Banca para el Desarrollo</i>)</p> <p>Law No. 9274 of 12 November 2014 – Comprehensive Reform of the</p>

	<p>Law Banking System for Development (<i>Reforma Integral de la Ley Sistema de Banca para el Desarrollo</i>)</p> <p>Law No. 8642 of 4 June 2008 – General Telecommunications Law (<i>Ley General de Telecomunicaciones</i>)</p>
<p><b>Description:</b></p>	<p>The State guarantees the liabilities of the State Banks and of the non-State banks of Public Law.</p> <p>Private banks that operate current accounts and saving sections have to meet the following requirements:</p> <p>(a) To maintain permanently a minimum loan balance with the state bank that administers the credit fund for development (<i>fondo de crédito para el desarrollo</i>) equivalent to seventeen percent of total short-term deposits (thirty days or less), once the corresponding reserve is deducted, both in domestic and foreign currencies. In case that total deposits are made in national currency, the percentage shall be only fifteen percent using the same basis. The resources received from private entities by the managing State bank or banks do not have to comply with the minimum reserve. Such funds will be placed at a rate equivalent to fifty percent of either the basic passive rate calculated by the Central Bank of Costa Rica (<i>Banco Central de Costa Rica</i>) for domestic currency, or the LIBOR rate at a one month term for foreign currency.</p> <p>(b) Alternatively, to establish at least four agencies or branches to provide basic banking services – both passive and active – in the following regions: Chorotega, Central Pacific, Brunca, Atlantic Huetar, and North Huetar, dedicating at least ten percent, once the corresponding reserve has been deducted, of total short-term deposits (thirty days or less), in domestic or foreign currency, to credits for programs designated by the Governing Council of the Banking System for Development (<i>Consejo Rector del Sistema de Banca para el Desarrollo</i>). Such funds shall be placed at a rate not higher than the basic passive rate calculated by the Central Bank of Costa Rica (<i>Banco Central de Costa Rica</i>), in its placements in domestic currency (<i>colones</i>), and the LIBOR rate at a one-month term, for resources in foreign currency.</p> <p>The State and public institutions with State character, as well as the public institutions the equity of which belongs mainly to the State or its institutions, may only make deposits and operations in current and savings accounts through State commercial banks and non-State banks of Public Law.</p> <p>At least 10 Costa Rican co-operative organizations are required to establish and operate a co-operative bank.</p>

	<p>At least 25 Costa Rican solidarity associations are required to establish and operate a solidarity bank.</p> <p>The fiduciary of the National Trust for Development (<i>Fideicomiso Nacional para el Desarrollo –FINADE-</i>) shall be a public bank, selected through a public bid process in which only the public banks are allowed to participate.</p> <p>Trust agreements of the National Telecommunications Fund (<i>Fondo Nacional de Telecomunicaciones-FONATEL-</i>) shall be signed with public banks of the National Banking System (<i>Sistema Bancario Nacional</i>).</p>
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<b>2. Sector:</b>	Financial Services
<b>Subsector:</b>	Non- banking financial services
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 5044 of 13 September 1972 – Regulatory Law of Non-Bank Financial Companies ( <i>Ley Reguladora de Empresas Financieras no Bancarias</i> )
<b>Description:</b>	Non-bank financial companies may not provide financial leasing services, since there are legal restrictions on the acquisition of movable and immovable property by such entities.

<b>3. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 4351 of 11 July 1969 – Organic Law of the Popular and Community Development Bank ( <i>Ley Orgánica del Banco Popular y de Desarrollo Comunal</i> )
<b>Description:</b>	Only the Popular and Community Development Bank ( <i>Banco Popular y de Desarrollo Comunal</i> ) will manage the funds of the mandatory contributions made by employers and employees pursuant to the respective national legislation.

<b>4. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking (financial entities that are recipients of deposits from the public)
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No.1644 of 26 September 1953 – Organic Law of the National Banking System (<i>Ley Orgánica del Sistema Bancario Nacional</i>)</p> <p>Law No. 7107 of 4 November 1988 – Modernization Law of the Financial System of the Republic (<i>Ley de Modernización del Sistema Financiero de la República</i>)</p> <p>Law No. 5044 of 13 September 1972 – Regulatory Law of Non-Bank Financial Companies (<i>Ley Reguladora de Empresas Financieras no Bancarias</i>)</p> <p>Law No. 4179 of 22 August 1968 – Law of Cooperative Associations and of Creation of the INFOCOOP (<i>Ley de Asociaciones Cooperativas y de Creación del INFOCOOP</i>)</p>
<b>Description:</b>	Financial entities authorized to receive deposits from the public in Costa Rica, such as private banks, non-bank financial enterprises and savings and credit cooperatives are required to be constituted or organised under Costa Rican law.



<b>5. Sector:</b>	Financial Services
<b>Subsector:</b>	Securities
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 7732 of 17 December 1997 – Regulatory Law of the Securities Market (<i>Ley Reguladora del Mercado de Valores</i>)</p> <p>Regulation No. 571 of 9 May 2006 – Regulation on the Public Offering of Securities (<i>Reglamento sobre Oferta Pública de Valores</i>)</p> <p>Compendium of Legislation of the National Stock Exchange S.A. – Regulation on Stock Brokers (<i>Compendio de Normativa de la Bolsa Nacional de Valores S.A., - Reglamento sobre Agentes de Bolsa</i>)</p> <p>Regulation No. 762 of 19 December 2008 – General Regulation on Management Companies and Investment Funds (<i>Reglamento General sobre Sociedades Administradoras y Fondos de Inversión</i>)</p> <p>Regulation No. 801 of 11 September 2009 – Regulation on Rating of Securities and Risk Rating Companies (<i>Reglamento sobre Calificación de Valores y Sociedades Calificadoras de Riesgo</i>)</p>
<b>Description:</b>	<p>The public offering by the issuer or a non-resident third party, of securities issued abroad, is subject to the applicable legal provisions.</p> <p>The General Superintendency of Securities (<i>Superintendencia General de Valores (SUGEVAL)</i>) may establish the exceptions derived from international treaties subscribed by Costa Rica and from the agreements of exchange of information subscribed with other regulatory foreign entities of the securities market.</p> <p>It is necessary to be Costa Rican or to have legal residency in the country to obtain the credential to be an exchange agent.</p> <p>The mutual funds (<i>fondos de inversión</i>) can invest in:</p> <ol style="list-style-type: none"> <li>a. Foreign securities of debt issued by sovereign issuers or issuers with sovereign guaranty, of countries with a credit rating (<i>calificación de riesgo</i>) from a credit rating agency (<i>entidad calificadora</i>) recognized as national by the Securities and Exchange Commission of the United States.</li> <li>b. Foreign securities of debt issued by private issuers with a credit rating (<i>calificación de riesgo</i>) from a credit rating agency (<i>entidad calificadora</i>) recognized as national by the Securities and</li> </ol>

	<p>Exchange Commission of the United States.</p> <p>c. Structured products of issuers with a credit rating (<i>calificación de riesgo</i>) of investment grade by a credit rating agency (<i>entidad calificadora</i>) recognized as national by the Securities and Exchange Commission of the United States.</p> <p>d. Foreign investment funds that are authorized by a regulatory entity that is a member of the International Organization of Securities Commissions (IOSCO) to do public offer of securities. When investing in financial funds, the latter shall obey the same rules of indebtedness and diversification established for the funds registered in the United States, for the harmonised funds (according to their definition in the guidelines issued by the European Union) or for the Costa Rican funds.</p> <p>Foreign managers of financial funds portfolios must be authorized by the regulator of the market of an IOSCO member to offer the services of portfolio management.</p> <p>Only the banks subject to the supervision of the General Superintendency of Financial Institutions (<i>Superintendencia General de Entidades Financieras</i> (SUGEF)), and the international financial organizations with the participation of the Costa Rican State can be a fiduciary of a trust of development of public works.</p> <p>The issues of debt and convertible bonds are subject to the requirement of obligatory rating, except the issues of State securities and of non-banking Costa Rican public institutions. Furthermore, the risk rating of the issuers with domicile abroad can be granted by a foreign credit rating agency (<i>entidad calificadora</i>) recognized as national by the Securities and Exchange Commission of the United States or its subsidiaries.</p>
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<b>6. Sector:</b>	Financial Services
<b>Subsector:</b>	Insurance and insurance-related services
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 8653 of 22 July 2008 – Regulatory Law of the Insurance Market, ( <i>Ley Reguladora del Mercado de Seguros</i> ).  Law No. 12 of 30 October 1924 – Law of the National Insurance Institute ( <i>Ley del Instituto Nacional de Seguros</i> ).
<b>Description:</b>	Incorporation is required except for insurance and reinsurance companies.  On a non-discriminatory basis, doing business and solicitation shall be prohibited for representation offices.  The State guarantees the insurance activity of the National Insurance Institute ( <i>Instituto Nacional de Seguros (INS)</i> ).

## Section B

<b>7. Sector:</b>	Financial Services
<b>Subsector:</b>	All subsectors other than Banking and Insurance
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Description:</b>	Costa Rica reserves the right to adopt or maintain measures requiring the incorporation in Costa Rica of foreign financial institutions, other than those seeking to operate as banks or insurance companies within Costa Rica.

<b>8. Sector:</b>	Financial Services
<b>Subsector:</b>	All
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Article 11.3)
<b>Level of Government:</b>	Central
<b>Description:</b>	Costa Rica reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement.

### **Appendix III-1**

#### **CERTAIN MEASURES NOT INCONSISTENT WITH ARTICLES 11.2 OR 11.4, OR SUBJECT TO ARTICLE 11.10.**

In accordance with Article 11.10 (Exceptions), Costa Rica reaffirms that nothing in this Agreement prevents it from adopting or maintaining measures for prudential reasons.

Without prejudice to Article 11.10 (Exceptions), any measure that Costa Rica adopts or maintains in its legislation that is equivalent or has an effect equivalent to the measures set forth in Appendix III-1 of Korea, shall not be construed to be inconsistent with Articles 11.2 (National Treatment) or 11.4 (Market Access for Financial Institutions). Any revision, amendment or modification to such measures or related legislation shall not be construed to be inconsistent with Articles 11.2 (National Treatment) or 11.4 (Market Access for Financial Institutions), to the extent that it does not conflict with the spirit of the original measure.

## Annex I

### SCHEDULE OF EL SALVADOR

#### EXPLANATORY NOTE

1. The Schedule of El Salvador to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), El Salvador's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Articles 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Articles 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence);
- (d) Article 9.9 (Performance Requirements);
- (e) Article 9.10 (Senior Management and Boards of Directors); or
- (f) Article 10.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the listed measure(s);
- (c) **Level of Government** indicates the level of government maintaining the listed measure(s);
- (d) **Measures** identifies the laws, regulations, or other measures for which the entry is made. 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
- (e) **Description** sets out commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the existing measures for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant provisions of the Chapters against which the entry is made. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Article 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the law, regulation, or other measure identified in the **Measures** element of that entry.

5. Where a Party maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favored-Nation Treatment), or 10.5 (Local Presence) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.9 (Performance Requirements) to the extent of that measure.

6. For greater certainty, Article 10.4 (Market Access) refers to non-discriminatory measures.



<b>1. Sector:</b>	Duty-Free Commercial Centers and Establishments
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Constitution of the Republic of El Salvador, Article 95 (Constitución de la República de El Salvador, Artículo 95).  Law Governing the Establishment of Duty-free Stores at the Maritime Ports of El Salvador, Article 5 (Ley para el Establecimiento de Tiendas Libres en los Puertos Marítimos de El Salvador, Artículo 5).
<b>Description:</b>	<u>Investment and Cross- Border Trade in Services</u>  Only Salvadoran nationals born in El Salvador and enterprises organized under Salvadoran law may apply for a permit to establish duty-free commercial centers or establishments in El Salvador's seaports.  However, an enterprise organized under Salvadoran law, a majority of whose capital is owned by foreign persons, or a majority of whose partners are foreign persons, may not establish duty free commercial centers or establishments in El Salvador's seaports.  Permits to organize centers or establishments in the seaports of the country granted by Ministry of Finance (Ministerio de Hacienda). The location of the pavilions for this purpose will be decided by The Autonomous Executive Port Commission (Comisión Ejecutiva Portuaria Autónoma) (CEPA)

<b>2. Sector:</b>	Performing Arts
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Migration Law, Articles 62-A and 62-B. (Ley de Migración, Artículos 62-A y 62-B).</p> <p>Legislative Decree Number 382, May 29th, 1970, published in the Official Gazette Number 64, Volume 227, April 10 th, 1970 (Decreto Legislativo No. 382, de fecha 29 de mayo de 1970, publicado en el Diario Oficial No. 64, Tomo 227, de fecha 10 de abril de 1970).</p> <p>Executive Decree Number 16, May 12th, 1970, published in Official Gazette Number 87, Volume 227, May 18 th, 1970 (Decreto Ejecutivo No. 16 de fecha 12 de mayo de 1970, publicado en el Diario Oficial No. 87, Tomo 227, de fecha 18 de mayo de 1970).</p>
<b>Description:</b>	<p><u>Cross- Border Trade in Services</u></p> <p>No foreign artist may give paid performances of any kind without the prior express authorization of the Ministry of Government and Territory Development (Ministerio de Gobernación y Desarrollo Territorial), which shall first seek, within 15 days, the advisory opinion of the legally established craft union of the artistic field in which the artist is involved. Foreign artists shall pay, to the relevant union, a performance fee deposit of 10 percent of the gross income likely to be earned in the country.</p> <p>No foreign artist or group of artists may perform in the country for more than 30 days consecutively or intermittently within a year from the date of the first performance.</p> <p>An artist is any person acting in El Salvador, individually or in a company consisting of one or more persons, to give performances in music, song, dance or readings, or to present shows, whether in person (i.e., live) or before a large or small audience or on radio or television.</p> <p>Where it is not possible to make the advance payment, the artist shall pay an adequate amount as a “security deposit” to the relevant union.</p>

<b>3. Sector:</b>	Circuses
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Migration Law, Article 62- C (Ley de Migración, Artículo 62-C).</p> <p>Decree Number 122, November 4th, 1988, published in the Official Gazette Number 219, Volume 301, November 25 th, 1988, Article 3 (Decreto No. 122, de fecha 4 de noviembre de 1988, publicado en el Diario Oficial No. 219, Tomo 301, de fecha 25 de noviembre de 1988, Artículo 3).</p> <p>Legislative Decree Number 382, May 29 th, 1970, published in the Official Gazette Number 64, Volume 227, April 10 th, 1970 (Decreto Legislativo No. 382 de fecha 29 de mayo de 1970, publicado en el Diario Oficial No. 64, Tomo 227, de fecha 10 de abril de 1970).</p> <p>Decree Number 193, March 8 th, 1989, published in Official Gazette Number 54, Volume 302, March 17 th, 1989, Articles 1 and 2 (Decreto No. 193 de fecha 8 de marzo de 1989, publicado en el Diario Oficial No. 54, Tomo 302, de fecha 17 de marzo de 1989, Artículos 1 y 2).</p> <p>Regulations for the Application of Legislative Decrees 122 and 193 Concerning Circuses Companies, Articles 1 and 2 (Reglamento para la Aplicación de los Decretos Legislativos 122 y 193 Relativos a Empresas Circenses, Artículos 1 y 2).</p>

<p><b>Description:</b></p>	<p><u>Cross- Border Trade in Services</u></p> <p>Foreign circuses or other similar shows must pay to the relevant circus union a performance fee equal to 2.5 percent of the gross income likely to be earned daily from ticket sales. The fee must be paid in full through the withholding system.</p> <p>All foreign circuses must be authorized by the appropriate Ministry and once authorized, notify the Salvadoran Association of Circuses Entrepreneurs (Asociación Salvadoreña de Empresarios Circenses) (ASEC) and pay ASEC 3 percent of the gross income earned from ticket sales for each performance, as well as 10 percent of total earnings from sales to the audience, inside the circus, of flags, caps, tee shirts, balloons, photographs and other paraphernalia. The foreign circus shall pay an adequate amount as a security deposit to ASEC.</p> <p>A foreign circus entering El Salvador may only work in the city of San Salvador for 15 days, which may be extended for a further 15 days.</p> <p>A foreign circus that has performed in El Salvador can only return to the country after at least one year has elapsed since the date on which the circus left the country.</p>
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<b>4. Sector:</b>	Performing Arts
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decree of the provisions to regulate the exploitation of works of an intellectual nature by means of public communication and the participation of Salvadoran artists in public shows, Legislative Decree Number 239, June 9 th, 1983, published in the Official Gazette Number 111, Volume 279, June 15th, 1983 (Decreto de las disposiciones para regular la explotación de obras de naturaleza intelectual por medios de comunicación pública y la participación de artistas salvadoreños en espectáculos públicos, Decreto Legislativo No. 239, de fecha 9 de junio de 1983, publicado en el Diario Oficial No. 111, Tomo 279, de fecha 15 de junio de 1983).</p> <p>Decree Number 18, Replacement of Articles 1 and 4 of Legislative Decree Number 239, June 9 th, 1983, published in Official Gazette Number 7, Volume 282, January 10 th, 1984 (Decreto No. 18, Sustitución de los artículos 1 y 4 del Decreto Legislativo No. 239, de fecha 9 de junio de 1983, publicado en el Diario Oficial No. 7, Tomo 282, de fecha 10 de enero de 1984).</p>
<b>Description:</b>	<p><u>Cross- Border Trade in Services</u></p> <p>In the case of public performances involving the live participation of artists of any kind, the participation of Salvadoran nationals shall be equivalent to 20 percent of the number of participating foreigners.</p>

<b>5. Sector:</b>	Air Services- Aircraft Repair and Maintenance Services During which an Aircraft is Withdrawn from Service.
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Civil Aviation Organization Act, Articles 39 and 40 (Ley Orgánica de Aviación Civil, Artículos 39 y 40).  Technical Regulation of the Civil Aviation Organization Act (Reglamento Técnico de la Ley Orgánica de Aviación Civil), Articles 138 and 140.
<b>Description:</b>	<u>Cross- Border Trade in Services</u>  El Salvador applies reciprocity requirements when determining whether to recognize or validate licenses, certificates, and permits issued by foreign air transport authorities to:  (a) technical staff supplying aircraft repair and maintenance services while an aircraft is withdrawn from service; and  (b) pilots and other technical staff.

<b>6. Sector:</b>	All Sectors
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Most-Favored-Nation Treatment (Article 9.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Constitution of the Republic of El Salvador, Articles 95 and 109. (Constitución de la República de El Salvador, Artículos 95 y 109),
<b>Description:</b>	<p><u>Investment</u></p> <p>Rural land may not be owned by a foreign person, including a branch of a foreign person, if the person is a national of a country or is organized under the law of a country that does not permit Salvadoran persons to own rural land, except in the case of land to be used for industrial plants.</p> <p>An enterprise organized under Salvadoran law, a majority of whose capital is owned by foreign persons, or a majority of whose partners are foreign persons, is subject to the preceding paragraph.</p>

<b>7. Sector:</b>	All Sectors
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most- favored- Nation Treatment (Article 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Labor Law, Articles 7 and 10 (Código de Trabajo, Artículos 7 y 10).
<b>Description:</b>	<p><u>Cross- Border Trade in Services</u></p> <p>Every employer is obliged to compose its personnel with at least 90 per cent of Salvadoran employees. Under special circumstances the Ministry of Labor and Social Welfare (Ministerio de Trabajo y Previsión Social) may authorize the employment of more foreign employees, when these are difficult or impossible to be substituted by Salvadorans. In such circumstance, the employers are obliged to train Salvadoran personnel under the supervision and control of the mentioned Ministry, during a period no longer than five years.</p>



<b>8. Sector:</b>	Cooperative Production Societies
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Regulation of the General Law of Cooperative Associations Title VI, Chapter I, Article 84 (Reglamento de la Ley General de Asociaciones Cooperativas Título VI, Capítulo I, Artículo 84)
<b>Description:</b>	<u>Investment</u>  In cooperative production societies, at least 75 percent of the total number of partners must be Salvadoran persons.

<b>9. Sector:</b>	Communications Services- Advertising and Promotional Services for Radio and Television
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decree of the provisions to regulate the exploitation of works of an intellectual nature by means of public communication and the participation of Salvadoran artists in public shows. Legislative Decree Number 239, June 9 th, 1983, published in the Official Gazette Number 111, Volume 279, June 15th, 1983, Article 4 (Decreto de las disposiciones para regular la explotación de obras de naturaleza intelectual por medios de comunicación pública y la participación de artistas salvadoreños en espectáculos públicos. Decreto Legislativo No. 239, de fecha 9 de junio de 1983, publicado en el Diario Oficial No. 111, Tomo 279, de fecha 15 de junio de 1983, Artículo 4).</p> <p>Decree Number 18, Substitution of Articles 1 and 4 of Legislative Decree Number 239, June 9 th, 1983, published in Official Gazette Number 7, Volume 282, January 10, 1984 (Decreto No. 18, Sustitución de los Artículos 1 y 4 del Decreto Legislativo No. 239, de fecha 9 de junio de 1983, publicado en el Diario Oficial No. 7, Tomo 282, de fecha 10 de enero de 1984).</p>

<p><b>Description:</b></p>	<p><u>Cross- Border Trade in Services</u></p> <p>At least 90 percent of the production and recording of any commercial advertisement for use in El Salvador's public communications media, meaning over-the-air television and radio broadcasts and printed material that originate in El Salvador, must be carried out by enterprises organized under Salvadoran law.</p> <p>A commercial advertisement produced or recorded by an enterprise organized under the law of another Central American Party may be used in the Salvadoran media, as long as similar treatment is extended by that Party to commercial advertisements produced or recorded in El Salvador.</p> <p>The broadcast in El Salvador's public media of a commercial advertisement for an international product, brand, or service that has been imported into El Salvador or produced in El Salvador under license and does not satisfy the requirements referenced above will be permitted and may be subject to a one-time-fee which it will be collected by the National Council of Advertising (Consejo Nacional de la Publicidad) who may evaluate the implementation of this provision.</p>
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<b>10. Sector:</b>	Professional Services: Custom Agents
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Regulation of the Central American Uniform Customs Code, Article 76 (Reglamento del Código Aduanero Uniforme Centroamericano, Artículo 76).
<b>Description:</b>	<u>Investment and Cross- Border Trade in Services</u>  Only nationals of the Central American countries may work as customs agents.

<b>11. Sector:</b>	Transport Services: Maritime Transport Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Maritime Law, Articles 42 and 53 (Ley General Marítimo Portuaria, Artículos 42 y 53).</p> <p>Regulations for the Navigation of Vessels and Authorizations of Seafarers, Article 32 (Reglamento para la Navegación de Buques y Autorizaciones de Gente de Mar, Artículo 32).</p> <p>Labor Law, Articles 7 and 10 (Código de Trabajo, Artículos 7 y 10).</p>
<b>Description:</b>	<p><u>Cross- Border Trade in Services</u></p> <p>The navigation and coasting trade between ports of the Republic, are reserved for national flag vessels. This does not apply between Central American ports. A foreign vessel could do the same, subject to the conditions imposed to national flag vessels, according to national laws. To consider a foreign vessel as a national flag vessel, it must meet the following conditions and requirements:</p> <p>(a) be registered;</p> <p>(b) use the national flag;</p> <p>The owner of a boat that wants to enroll, must be domiciled in the Republic. If the owner is a corporation, it must be constituted under national law, or if it has been constituted abroad, it has to establish a branch in El Salvador, or any other kind of permanent representation in accordance with the national law.</p> <p>Foreign ships may be registered in the Salvadoran Maritime Registry (Registro Marítimo Salvadoreño) (REMS), provided they have previously canceled their registration in the country of shipping.</p> <p>No person can be part of the crew of ships or naval devices registered in the REMS, or exercise any profession, trade or</p>

	occupation in the port jurisdiction, or activity regulated or controlled by the Maritime Port Authority (Autoridad Marítima Portuaria), if not authorized by it or registered in the respective section of REMS.
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<b>12. Sector:</b>	All Sectors
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Most-Favored-Nation Treatment (Article 9.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Constitution of the Republic of El Salvador, Articles 95 and 115 (Constitución de la República de El Salvador, Artículos 95 y 115);  Investment Law, Legislative Decree Number 732, Article 7 (Ley de Inversiones, Decreto Legislativo número 732, Artículo 7); and  Code of Commerce, Article 6 (Código de Comercio, Artículo 6).
<b>Description:</b>	<u>Investment</u>  Only the following persons may engage in small scale commerce, industry, and the supply of services in El Salvador:  (a) Salvadoran nationals born in El Salvador; and  (b) nationals of Central American Parties.  An enterprise organized under Salvadoran law, a majority of whose capital is owned by foreign persons, or a majority of whose partners are foreign persons, may not establish a small scale enterprise to engage in small scale commerce, industry, and the supply of services (“small scale enterprise”).  For purposes of this entry, a small scale enterprise is an enterprise with a capitalization not greater than 200,000 U.S. dollars.

<b>13. Sector:</b>	Communications Services: Television and Radio Broadcasting Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Telecommunications Law, Article 123 (Ley de Telecomunicaciones, Artículo 123).
<b>Description:</b>	<u>Investment</u> Concessions and licenses for free reception broadcasting services shall only be granted to Salvadoran nationals born in El Salvador or enterprises organized under Salvadoran law whose equity capital is at least 51 percent owned by Salvadoran persons.



## Annex II

### SCHEDULE OF EL SALVADOR

#### EXPLANATORY NOTE

1. The Schedule of El Salvador of this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the specific sectors, sub-sectors, or activities for which that Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Articles 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Articles 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence)
- (d) Article 9.9 (Performance Requirements);
- (e) Article 9.10 (Senior Management and Boards of Directors); or
- (f) Article 10.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), shall not apply to the sectors, subsectors, or activities listed in the entry;
- (c) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry; and
- (d) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Article 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry shall not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

<b>1. Sector:</b>	Postal Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- Favored Nation Treatment (Articles 9.4 and 10.3)
<b>Description:</b>	<u>Investment and Cross- Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure with respect to the provision of postal services.

<b>2. Sector:</b>	Social Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

<b>3. Sector:</b>	Minority Affairs
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities.

<b>4. Sector:</b>	Transportation Services: Land Transportation Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.4) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure with respect to Land Transportation Services.

<b>5. Sector:</b>	Business Services: Professional Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding cross-border trade in services and investment of Professional Services <sup>1</sup> .

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<sup>1</sup> For greater certainty, investment-related professional services does not preclude compliance with national legislation for professional practice under the definition of trade in services under this Agreement.

<b>6. Sector:</b>	Construction and related Engineering Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross- Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding construction and related engineering services.

<b>7. Sector:</b>	All Sectors
<b>Obligations Concerned:</b>	Most-Favored- Nation Treatment (Articles 9.4 and 10.3)
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>El Salvador reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Treaty<sup>2</sup>.</p> <p>El Salvador reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Treaty, involving:</p> <ul style="list-style-type: none"> <li>(a) aviation;</li> <li>(b) fisheries;</li> <li>(c) maritime matters, including salvage;</li> <li>(d) telecommunication services; or</li> <li>(e) railroad transportation.</li> </ul>

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<sup>2</sup> For greater certainty, El Salvador may adopt or maintain any measure derived from a community law norm resulting of a community law instrument, or adopted by an organ of the Central America Integration System (Sistema de Integración Centroamericana), or its successor.



<b>8. Sector:</b>	Other Business Services: Private Security Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding private security services.

<b>9. Sector:</b>	Communications Services: Telecommunications Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross- Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding telecommunications services.

<b>10. Sector:</b>	Distribution Services: Petroleum Products
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding distribution services of petroleum products.

<b>11. Sector:</b>	Health related Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross- Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding health related services.

<b>12. Sector:</b>	Pharmaceutical Industry
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross- Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding Pharmaceutical Industry, such as services supplied by pharmacies, pharmacists, and distribution of pharmaceuticals, medicines and cosmetic products

<b>13. Sector:</b>	Energy
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding energy services such as: production, transmission and distribution of electricity and gas industry.

<b>14. Sector:</b>	Education Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross- Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding education services such as: primary, secondary, higher, and other education services.

<b>15. Sector:</b>	Audiovisual Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure in audiovisual services, such as: motion pictures and video tape production and distribution services; motion picture projection service, and sound recording.



<b>16. Sector:</b>	Creative Industry: Production of Creative Content
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure in creative industry, referring to the production of creative content, such as: music, theater, literature, photography, animation, video and computer games (also on line) and software development.

<b>17. Sector:</b>	Manufacturing of Liquor
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9)
<b>Description:</b>	<u>Investment</u> El Salvador reserves the right to adopt or maintain any measure with respect to manufacturing of liquor.

<b>18. Sector:</b>	Mining and Quarrying
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most- favored- Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  El Salvador reserves the right to adopt or maintain any measure regarding mining and quarrying.

## Annex III

### SCHEDULE OF EL SALVADOR

#### EXPLANATORY NOTE

1. The Schedule of El Salvador to Annex 3 sets out:
  - (a) headnotes that limit or clarify the commitments of El Salvador with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);
  - (b) in Section A, pursuant to Article 11.9 (Non-Conforming Measures), the existing measures of El Salvador that do not conform to some or all of the obligations imposed by:
    - (i) Article 11.2 (National Treatment);
    - (ii) Article 11.3 (Most-Favored-Nation Treatment);
    - (iii) Article 11.4 (Market Access for Financial Institutions);
    - (iv) Article 11.5 (Cross-Border Trade); or
    - (v) Article 11.8 (Senior Management and Boards of Directors); and
  - (c) in Section B, pursuant to Article 11.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which El Salvador may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), 11.5 (Cross-Border Trade), or 11.8 (Senior Management and Boards of Directors).
2. Each entry in Section A sets out the following elements:
  - (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Subsector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 11.9 (Non-Conforming Measures), do not apply to the listed measure(s);
  - (d) **Level of Government** indicates the level of government maintaining the listed measure(s);

- (e) **Measures** identifies the laws, regulations or other measures for which the entry is made. 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** provides a general, nonbinding description of the Measures.

3. Each entry in Section B sets out the following elements:

- (a) **Sector** refers to the general sector for which the entry is made;
- (b) **Subsector** refers to the specific sector for which the entry is made;
- (c) **Obligations Concerned** specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 11.9 (Non-Conforming Measures), do not apply to the sectors, subsectors, or activities listed in the entry;
- (d) **Level of Government** indicates the level of government maintaining the listed measure(s); and
- (e) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry.

4. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

5. For entries in Section B, in accordance with Article 11.9.2 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where El Salvador maintains a measure that requires that a service supplier be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), or 11.5 (Cross-Border Trade) shall operate as a non-conforming measure with respect to Articles 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment) and 9.9 (Performance Requirements), to the extent of that measure.

## HEADNOTES

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.
2. To clarify El Salvador's commitment with respect to Article 11.4, juridical persons supplying financial services and constituted under the laws of El Salvador are subject to non-discriminatory limitations on juridical form.<sup>1</sup>

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<sup>1</sup> For example, partnerships and sole proprietorships are not acceptable juridical forms for depositary financial institutions in El Salvador. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of another Party between branches or subsidiaries.

## SECTION A

<b>1. Sector:</b>	Financial Services
<b>Subsector:</b>	All Insurance and Insurance-Related Services
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law of Insurance Companies, Legislative Decree Number 844, October 10th, 1996, Articles 1, 6, 41 and 111 (Ley de Sociedades de Seguros, Decreto Legislativo número 844, 10 de octubre de 1996, Artículos 1, 6, 41 y 111).</p> <p>Regulation of the Law of Insurance Companies, Legislative Decree Number 44, April 20th, 1999, Article 29 (Reglamento de la Ley de Sociedades de Seguros, Decreto Legislativo número 44, 20 de abril de 1999, Artículo 29).</p>
<b>Description:</b>	<p>Insurance companies must be legally incorporated in El Salvador. El Salvador shall permit foreign insurance companies to establish branches<sup>2</sup>.</p> <p>For an enterprise to be established under Salvadoran law, at least 75 percent of its shares must be owned jointly or severally by:</p> <ul style="list-style-type: none"> <li>(a) Salvadoran natural persons or Central American natural persons;</li> <li>(b) legal persons organized under Salvadoran law whose majority, shareholders or partners are Salvadoran natural persons or Central American natural persons;</li> <li>(c) Central American insurance or reinsurance companies; or</li> <li>(d) foreign insurance and reinsurance companies with a first rate Classification by an internationally recognized classification Institution (e.g. Moody's, A.M. Best or S&amp;P).</li> </ul>

<sup>2</sup> El Salvador may require that the branch owners or shareholders meet the solvency and integrity requirements established in El Salvador's insurance legislation.



<b>2. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking Services
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most- Favored- Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Banking Law, Legislative Decree Number 697, September 2nd, 1999, Articles 5, 10, 26, 27 and 150 (Ley de Bancos, Decreto Legislativo número 697, 2 de septiembre de 1999, Artículos 5, 10, 26, 27 y 150).
<b>Description:</b>	<p>Banks incorporated in El Salvador must be organized and operate as corporations with fixed capital broken down into registered shares and with no fewer than ten partners.</p> <p>At least 51 percent of the shares in banks legally incorporated in El Salvador must be owned by any of the following types of investor:</p> <p>(a) nationals of El Salvador or another Central American country;</p> <p>(b) legal persons organized under the laws of El Salvador whose majority shareholders or partners are:</p> <p>(i) nationals of El Salvador or a Central American country; or</p> <p>(ii) other legal persons organized under the laws of El Salvador whose majority shareholders or partners are nationals of El Salvador or another Central American country;</p> <p>(c) banks established under the laws of a Central American country that:</p> <p>(i) are subject to prudential regulation and supervision in that country, in accordance with relevant international practice;</p> <p>(ii) have been approved by internationally recognized risk classification entities; and</p>

	<p>(iii) that fully comply with the legal provisions and guidelines in force in those countries; or</p> <p>(d) banks and other foreign financial institutions that have been approved by internationally recognized risk classification entities as first-rate institutions and which meet other applicable requirements. Holding companies and other foreign financial institutions that fulfill these requirements are also covered by this subparagraph.</p> <p>To operate in El Salvador, a foreign bank branches must be part of a bank meeting the requirements of subparagraph (c) or (d).</p> <p>The operations of foreign branches in El Salvador are limited by their capital in El Salvador.</p> <p>A bank organized under the laws of El Salvador in which over 50 percent of the shares are owned by foreign banks or financial conglomerates shall only share names, assets or infrastructure or offer joint services to the public with other companies of the same foreign conglomerate as laid down in the Banking Law (Ley de Bancos).</p>
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<b>3. Sector:</b>	Financial Services
<b>Subsector:</b>	Savings and Credit Institutions and Cooperatives
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law of Cooperative Banks and Savings and Credit Societies, Legislative Decree Number 849, February 16th, 2000, Articles 155 and 157 (Ley de Bancos Cooperativos y Sociedades de Ahorro y Crédito, Decreto Legislativo número 849, 16 de febrero de 2000, Artículos 155 y 157);</p> <p>Banking Law, Legislative Decree Number. 697, September 2nd, 1999, Article 10 (Ley de Bancos, Decreto Legislativo número 697, 2 de septiembre de 1999, Artículo 10);</p> <p>General Law of Cooperative Associations, Legislative Decree Number 339, May 6th, 1986, Articles 1 and 16 (Ley General de Asociaciones Cooperativas, Decreto Legislativo número 339, 6 de mayo de 1986, Artículos 1 y 16) ; and</p> <p>Code of Commerce, Legislative Decree Number. 671, May 8th, 1970, Article 17 (Código de Comercio Decreto Legislativo número 671, 8 de mayo de 1970, Artículo 17).</p>
<b>Description:</b>	<p>Savings and credit institutions shall be subject to the same ownership requirements as set forth for banks in the preceding entry regarding the Financial Services sector, Banking Services subsector.</p> <p>Savings and credit institutions and cooperatives must be incorporated in El Salvador.</p> <p>The share ownership limit set forth in Article 10 of the Banking Law (Ley de Bancos) shall not apply to foreign not-for-profit foundations and associations with legal personality extended, according to the laws of their countries of origin, and duly inscribed in the Register of Non Profit Associations and Foundations (Registro de Asociaciones y Fundaciones sin Fines de Lucro) of the Ministry of Governance and Territorial Development (Ministerio de Gobernación y Desarrollo Territorial), pursuant to the Nonprofit Associations and Foundations Act (Ley de</p>

	Asociaciones y Fundaciones sin Fines de Lucro) of El Salvador.
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<b>4. Sector:</b>	Financial Services
<b>Subsector:</b>	Bureaux de Change
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law of Foreign Currency Exchange Houses, Legislative Decree Number 480, April 5th, 1990, Article 4 (Ley de Casas de Cambio de Moneda Extranjera, Decreto Legislativo número 480, 5 de abril de 1990, Artículo 4 ).
<b>Description:</b>	<p>Bureaux de change must be incorporated in El Salvador as anonymous society. The shares of the bureaux de change shall be the property of national financial institutions or nationals of El Salvador or legal persons comprising exclusively Salvadorans.</p> <p>A Bureaux de change, it's a society whose usual activity is the buying and selling of foreign currency, bank drafts, travelers checks and other payment instruments denominated in foreign currency, to prices determine the supply and demand of the market.</p> <p>An anonymous society, it's a capital company in which the shareholders are liable up to the amount of their contributions to social obligations. The name is formed freely without any limitation being that different from any other existing company, immediately followed by the words "Anonymous Society" ("Sociedad Anónima") or its abbreviation: "A.S" ("S.A").</p>

<b>5. Sector:</b>	Financial Services
<b>Subsector:</b>	All Subsectors
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Banking Law, Legislative Decree Number 697, September 2nd, 1999, Article 156 (Ley del Bancos, Decreto Legislativo número 697, 2 de septiembre de 1999, Artículo 156).</p> <p>Law of the Agricultural Development Bank, Legislative Decree Number 312, April 10th, 1973, Article 14 (Ley del Banco de Fomento Agropecuario, Decreto Legislativo número 312, 10 de abril de 1973, Artículo 14).</p>
<b>Description:</b>	The Agricultural Development Bank (The Banco de Fomento Agropecuario) will not be member of the Deposit Guarantee Institute (Instituto de Garantía de Depósitos).

<b>6. Sector:</b>	Financial Services
<b>Subsector:</b>	All Subsectors
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Article 11.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Free Trade Agreement between Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panamá (Tratado de Libre Comercio entre Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua y Panamá) as set out in the Description element.
<b>Description:</b>	Panama may be treated as a Central American Party for the purposes of the Financial Services Chapter.

## SECTION B

<b>7. Sector:</b>	Financial Services
<b>Subsector:</b>	All Subsectors Other Than Banking and Insurance
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Description:</b>	Financial Services  El Salvador reserves the right to adopt or maintain measures requiring the incorporation in El Salvador of foreign financial institutions, other than those seeking to operate as banks or insurance companies within El Salvador.



<b>8. Sector:</b>	Financial Services
<b>Subsector:</b>	Information Services of Credit Data History
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4) Senior Management and Boards of Directors (Article 11.8)
<b>Descripción:</b>	El Salvador reserves the right to adopt or maintain any measure in relation with the information services of credit data history.

<b>9. Sector:</b>	Financial Services
<b>Subsector:</b>	Management of Mutual Funds
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4) Senior Management and Boards of Directors (Article 11.8)
<b>Description:</b>	El Salvador reserves the right to adopt or maintain any measure in relation with Management of Mutual Funds.

<b>10. Sector:</b>	Financial Services
<b>Subsector:</b>	Providers of Electronic Money
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4) Senior Management and Boards of Directors (Article 11.8)
<b>Description:</b>	El Salvador reserves the right to adopt or maintain any measure in relation with providers of electronic money.

<b>11. Sector:</b>	Financial Services
<b>Subsector:</b>	Securities Market Services
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4) Senior Management and Boards of Directors (Article 11.8)
<b>Description:</b>	El Salvador reserves the right to adopt or maintain any measure in relation with securities market services.

<b>12. Sector:</b>	Financial Services
<b>Subsector:</b>	Pension Funds Services
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4) Senior Management and Boards of Directors (Article 11.8)
<b>Descripción:</b>	El Salvador reserves the right to adopt or maintain any measure in relation with pension funds services.

<b>13. Sector:</b>	Financial Services
<b>Subsector:</b>	Lendings of all Types
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Description:</b>	El Salvador reserves the right to adopt or maintain any measure in relation with the establishment of maximum interest rates to lendings of all types to avoid usury.

## Annex I

### SCHEDULE OF HONDURAS

#### EXPLANATORY NOTE

1. The Schedule of Honduras to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), Honduras' existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Boards of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligation Concerned**, specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13.1(a) (Non-Conforming Measures) and 10.6.1(a) (Non-Conforming Measures) does not apply to the non-conforming aspects of the law, regulation, or other measures, as set out in paragraph 3;
- (c) **Measures** identifies the laws, regulations, or other measures for which the entry is made. 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
- (d) **Description** sets out commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the existing measures for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant provisions of the Chapters against which the entry is made. To the extent that:

- (a) the Measures element is qualified by a liberalization commitment from the Description element, the Measures element as so qualified shall prevail over all other elements; and
- (b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Articles 9.13.1 (a) (Non-Conforming Measures) and 10. 6.1(a) (Non-Conforming Measures) and subject to Articles 9.13.1(c) and 10.6.1(c), the Articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the Measures element of that entry.

5. Where Honduras maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favored-Nation Treatment), or 10.5 (Local Presence) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.9 (Performance Requirements) to the extent of that measure.



<b>1. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decreto No. 131 <i>Constitución de la República de Honduras</i>, Título III, Capítulo II Artículo 107 (Decree No. 131, Constitution of the Republic of Honduras, Title III, Chapter II, Article 107)</p> <p>Decreto No. 90-1990, <i>Ley para la Adquisición de Bienes Urbanos en las Áreas que delimita el Artículo 107 de la Constitución de la República de Honduras</i>, Artículos 1 y 4. (Decree No. 90-1990, Act on Property Acquisition in Urban Areas delimiting the Article 107 of the Constitution of the Republic of Honduras, Articles 1 and 4.)</p> <p>Decreto No. 968, <i>Ley para la Declaratoria, Planeamiento y Desarrollo de las Zonas de Turismo</i>, Título V, Capítulo V, Artículo 16. (Decree No. 968, Declaratory Act, Planning and Development of Tourism Zones, Title V, Chapter V, Article 16.)</p>
<b>Description:</b>	<p><u>Investment:</u></p> <p>State land, common land, and private land within 40 kilometres of the borders and coastlines, and such land on islands, keys, coral reefs, breakwaters, rocks, and sandbanks in Honduras, can only be acquired, owned or held under any title by persons who are Honduran by birth, by companies fully owned by Honduran nationals, and by state institutions.</p> <p>Notwithstanding the preceding paragraph, anyone may acquire, possess, hold or lease for up to 40 years (which may be renewed) urban lands in such areas, provided that it is certified and approved for tourist purposes, economic or social development, or for the public interest by the Honduras Institute of Tourism (Instituto Hondureño de Turismo).</p> <p>Anyone who acquires, owns or holds such urban land may transfer that land only with the authorization of the Honduras Institute of Tourism (Instituto Hondureño de Turismo).</p>

<b>2. Sector:</b>	All sectors
<b>Subsector:</b>	All sectors
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No 131, Constitución de la República, Título III, Capítulo II, Artículo 137. (Decree No. 131, Constitution of the Republic of Honduras, Title III, Chapter II, Article 137)  Decreto No 189-59, Artículo 11 Código de Trabajo de Honduras. (Decree No. 189.59, Article 11 Code of Labor of Honduras).
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  A maximum quota of 10 percent set for the number of foreign workers in an enterprise, who may not receive more than 15 percent of total wages paid. Both proportions can be modified if required by obvious reasons of protection and promotion of the national economy or lack of Honduran technicians in a particular activity or defending national workers to demonstrate their ability. In all these circumstances the Executive through reasoned agreement issued through the <i>Ministerio de Trabajo y Prevision Social</i> , (Ministry of Labour and Social Security) can decrease both ratios by up to 10 percent each and for a period of 5 years for each company, or increase to eliminate participation of foreign workers.  It does not apply the percentages indicated above managers, directors, administrators, superintendents and general managers of companies provided that the total of these does not exceed 2 in each one.  In order to obtain the respective work permit, foreigners must reside in Honduras.

<b>3. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 131, <i>Constitución de la República de Honduras</i> , Título VI, Capítulo I, Artículo 337 (Decree No. 131, Constitution of the Republic of Honduras, Title VI, Chapter I, Article 337)
<b>Description:</b>	<u>Investment:</u>  Small-scale industry and trade are reserved for Hondurans.  Foreign investors cannot engage in small-scale industry or trade unless they are naturalized citizens and their country of origin grants reciprocity.

<b>4. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 174-2013 del 1 de febrero de 2014, <i>Ley de Cooperativas de Honduras</i> , Artículos 18, 19 y 93 (Decree No. 174-2013, date February, 1, 2014, Cooperatives Act, Articles 18, 19 and 93).  Acuerdo No 041-2014 de fecha 23 de abril de 2014, <i>Reglamento de la Ley de Cooperativas de Honduras</i> , Artículo 19. (Agreement No. 041-2014 date April 23, 2014, Regulation of the Law on Cooperatives of Honduras, Article 19).
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u> Non- Honduran cooperatives may be established in Honduras with prior authorization of the <i>Consejo Nacional Supervisor de Cooperativas</i> (CONSUCOOP). Such authorization shall be granted if there is :  (a) a study of economic and social feasibility, and  (b) reciprocity in the country of origin

<b>5. Sector:</b>	Customs Agents
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Anexo de la Resolución No. 224-2008 (COMIECO XLIX) Reglamento del Código Aduanero Uniforme Centroamericano, Artículo 76 (Annex to Resolution No. 224-2008 (COMIECO XLIX) Regulations of the Central American Uniform Customs Code, Article 76)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u> The customs agents must be nationals of any country in Central America.

<b>6. Sector:</b>	Agricultural
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Acuerdo No. 2124-92, <i>Reglamento de Adjudicación de Tierras en la Reforma Agraria</i> , Artículos 1 y 2. (Agreement No. 2124-92, Regulation of Adjudication of Land in Agrarian Reform Articles 1 and 2).
<b>Description:</b>	<u>Investment:</u>  Agrarian reform beneficiaries must be Honduran nationals by birth, individually or organized in farm cooperatives or other farm worker enterprises.

<b>7. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 51-2011 del 15 de Julio de 2011, Artículo 56, Ley para la Promoción y Protección de Inversión. (Decree No. 51-2011 of July 15, 2011, Article 56, Law for the Promotion and Protection of Investment).
<b>Description:</b>	<u>Investment:</u>  For a company established under foreign laws <sup>1</sup> can engage in the exercise of trade in Honduras it must be registered with the Public Registry of Commerce.

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<sup>1</sup> They are considered companies incorporated under foreign laws which do not have legal residence in Honduras.

<b>8. Sector:</b>	Distribution Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decreto No. 549, Artículo 4, reformado por Decreto No. 804, <i>Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras</i>. (Decree No. 549, Article 4, as amended by Decree No. 804, Act of Representatives, Distributors and Agents of National and Foreign Companies).</p> <p>Acuerdo No. 669-79, <i>Reglamento de la Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras</i>, Artículo 2. (Agreement No. 669-79, Regulation of the Law of Representatives, Distributors and Agents of National and Foreign Companies, Article 2).</p>
<b>Description:</b>	<p><u>Investment:</u></p> <p>Licensees are required to be Honduran nationals or Honduran companies.</p> <p>Individuals pursuing acting as representatives, agents or distributors must be previously registered as an individual business person. To be considered Honduran, at least 51% of the capital of the company must be held by Hondurans.</p>



<b>9. Sector:</b>	Communications Services
<b>Subsector:</b>	Services – Mail
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 120-93, Ley Orgánica de la Empresa de Correos de Honduras, Artículos 3 y 4. (Decree No. 120-93, Organic Law of the Postal Office of Honduras, Articles 3 and 4)
<b>Description:</b>	<u>Cross-Border Trade in Services:</u> The operation of the postal system in Honduras is reserved exclusively for Postal Office Honduran Company (Empresa Hondureña de Correos (HONDUCOR)) <sup>2</sup> .

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<sup>2</sup>However, this exclusivity does not apply to express delivery services.

<b>10. Sector:</b>	Electrical Energy Services
<b>Subsector:</b>	Services Distribution and Transmission of Energy Electricity
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 404-2013 Ley General de la Industria Eléctrica, Artículos 4, 6 y 7. (Decree No. 404-2013 General Law of the Electrical Industry, Articles 4, 6 and 7.)
<b>Description:</b>	<p><u>Cross-Border Trade in Services:</u></p> <p>The Generation, transmission and distribution of electricity services can be performed by private, public, or mixed-capital legal persons and must be established as corporations.</p> <p>Operating licenses will be granted by the Energy Regulatory Commission Electricity.</p>

<b>11. Sector:</b>	Communications Services
<b>Subsector:</b>	Radio, Television and Newspaper Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 131, <i>Constitución de la República de Honduras</i> , Capítulo II, Artículo 73, párrafo tercero. (Decree No. 131, Constitution of the Republic of Honduras, Chapter II, Article 73, third paragraph)  Decreto No. 6, <i>Ley de Emisión del Pensamiento</i> , Capítulo IV, Artículo 30. (Decree No. 6, Law of Freedom of Thought Chapter IV, Article 30).  Decreto No. 759, <i>Ley del Colegio de Periodistas de Honduras</i> , Artículo 8, reformado por Decreto No. 79 del 1de enero de 1981. (Decree No. 759, Law Association of Journalists of Honduras, Article 8, amended by Decree No. 79 of January 1, 1981).
<b>Description:</b>	<u>Investment:</u>  The management of printed newspaper, radio or television, and the intellectual, political, and administrative orientation for these should exclusively be exercised by Honduran nationals by birth <sup>3</sup> .

<sup>3</sup> This does not apply to newspapers or news media established outside of Honduras.

<b>12. Sector:</b>	Communications Services
<b>Subsector:</b>	Telecommunications Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decreto No. 185-95, <i>Ley Marco del Sector Telecomunicaciones</i> Capítulo I, Artículo No. 26. (Decree No. 185-95, Telecommunications Sector Framework Law Chapter I, Article No. 26).</p> <p>Acuerdo No. 141-2002 de fecha 26 de diciembre del 2002, <i>Reglamento General de la Ley Marco del Sector de Telecomunicaciones</i>, Título III, Capítulo I, Artículo 93. (Agreement No. 141-2002 dated December 26, 2002, General Rules of Telecommunications Sector Framework Law, Title III, Chapter I, Article 93).</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services:</u></p> <p>Foreign governments may not participate directly in the provision of public telecommunication services.</p>

<b>13. Sector:</b>	Communications Services
<b>Subsector:</b>	Telecommunications Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decreto No. 185-95, <i>Ley Marco del Sector de Telecomunicaciones</i>, Capítulo I. (Decree No. 185-95, Telecommunications Sector Framework Law, Chapter I).</p> <p>Acuerdo No. 141-2002, <i>Reglamento General de la Ley Marco del Sector de Telecomunicaciones</i>. (Agreement No. 141-2002, General Rules of Telecommunications Sector Framework Law).</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>For the Concessioned telecommunications services, it is regarded as a "partner" that natural or legal person who has direct, indirect or as part of an economic group more than ten percent (10%) capital of the legal entity.</p> <p>The practice of callbacks comprising telephone services provided inside Honduras systematically originate outside the country, as a direct result of international calls not originally completed within Honduras, is prohibited.</p>

<b>14. Sector:</b>	Communications Services
<b>Subsector:</b>	Telecommunications Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Acuerdo No. 141-2002 de fecha 26 de diciembre del 2002, <i>Reglamento General de la Ley Marco del Sector de Telecomunicaciones</i> , Título III, Capítulo I, Artículo 93. (Agreement No. 141-2002, General Rules of Telecommunications Sector Framework Law Title III, Chapter I, Article 93).
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u> The foreign companies must have an address in Honduras and name a legal representative also domiciled in Honduras.

<b>15. Sector:</b>	Construction Services
<b>Subsector:</b>	Construction or Consulting Services and Related Engineering Services-Civil Engineering
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favoured-Nation Treatment (Articles 9.4 and 10.3) Market Access (Article 10.4) Local presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decreto No. 47-1987, <i>Ley Orgánica del Colegio de Ingenieros Civiles de Honduras</i>, Artículo 67. (Decree No. 47-1987, Organic Law of the College of Civil Engineers of Honduras, Article 67)</p> <p><i>Reglamento de la Ley Orgánica del Colegio de Ingenieros Civiles de Honduras</i>, Artículos 100 (A) – (D) y 101. (Regulation of the Organic Law of the College of Civil Engineers of Honduras, Articles 100 (A) – (D) and 101).</p> <p><i>Decreto No. 753, Ley Orgánica del Colegio de Arquitectos de Honduras</i>, Artículos 37 (b), (c), (d), (g), y (h). (Decree No. 753, Organic Law of the College of Architects of Honduras, Sections 37 (b), (c), (d), (g) and (h).)</p> <p><i>Reglamento de la Ley Orgánica del Colegio de Arquitectos de Honduras</i>, Artículos 4(h), 7(a), (c), (d) y (h), 13, 68 y 69. (Regulation of the Organic Law of the College of Architects of Honduras, Articles 4 (h), 7 (a), (c), (d) and (h), 13, 68 and 69).</p> <p>Decreto No. 902, <i>Ley Orgánica del Colegio de Ingenieros Mecánicos, Electricistas y Químicos de Honduras</i>, Artículo 40 (c), (d) y (h). (Decree No. 902, Organic Law of the College of Mechanical, Electrical and Chemical Honduras, Article 40 (c), (d) and (h).)</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Consulting and construction companies must be organized under Honduran law in order to be members of the College of Civil Engineering of Honduras (<i>Colegio de Ingenieros Civiles de Honduras - CICH</i>) and to carry out civil engineering projects in Honduras. For greater certainty, consulting and construction companies organized under foreign law may register provisionally with the CICH to carry out specific civil engineering projects. Higher membership fees apply to foreign-owned companies. In addition, foreign personnel must be</p>

	authorized by the CICH in order to work on such projects.
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<b>16. Sector:</b>	Distribution Services
<b>Subsector:</b>	Petroleum Products (Liquid Fuel, Automotive Oil, Diesel, Kerosene, and LPG)
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decreto No. 549, Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras, Capítulo I y VI, Artículos 4 y 2. (Decree No. 549, Act of Representatives, Distributors and Agents of National and Foreign Companies, Chapter I and VI, Articles 4 and 2)</p> <p>Decreto No. 804, reforma el Artículo 4 de la Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras. (Decree No. 804, Amending Article 4 of the Act of Representatives, Distributors and Agents of National and Foreign Companies)</p>
<b>Description:</b>	<p><u>Investment:</u></p> <p>Only Honduran nationals and companies organized under Honduran law may be authorized to sell petroleum products. Companies must be at least 51% owned by Honduran nationals.</p>

<b>17. Sector:</b>	Entertainment Services
<b>Subsector:</b>	Lotteries
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 438, de fecha 23 de abril de 1977, Artículo 5 (c), <i>Ley Orgánica de Patronato Nacional de la Infancia</i> . (Decree No. 438, dated April 23, 1977, Article 5 (c), Organic Law of the National Child Welfare Fund)
<b>Description:</b>	<u>Cross-Border Trade in Services:</u>  The National Child Welfare Fund <i>Patronato Nacional de la Infancia</i> (PANI) exclusively administers the national lottery.

<b>18. Sector:</b>	Education Services
<b>Subsector:</b>	Private Preschool, Primary, and Secondary Educational Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favoured-Nation Treatment (Articles 9.4 and 10.3) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 131, <i>Constitución de la República de Honduras</i> , Título III, Capítulo VIII, Artículos 34, 166 y 168. ( <i>Decree No. 131, Constitution of the Republic of Honduras, Title III, Chapter VIII, Articles 34, 166 and 168</i> )  Decreto No. 79, <i>Ley Orgánica de Educación</i> , Artículos 64 y 65. (Decree No 79, Organic Law of Education, Articles 64 and 65)  Decreto No. 136-97, <i>Ley del Estatuto del Docente</i> , Artículos 7 y 8. (Decree No. 136-97, Organic Law for Teaching Staff, Articles 7 and 8)  Acuerdo Ejecutivo No. 0760-5E-99, <i>Reglamento General del Estatuto del Docente</i> , Artículo 6. (Executive Decision No 0760-5E-99, General Regulation of the Law for Teaching Staff, Article 6).
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  School directors and supervisors must be Honduran by birth.  Teachers at all levels of the education system must be Honduran nationals by birth. Foreign nationals may, however, teach particular subjects at the intermediate and secondary levels if no Honduran nationals are available to teach such subjects. Notwithstanding the preceding sentence, foreign nationals may teach the Honduran Constitution, civics, geography and history of Honduras only if there is reciprocity for Honduran nationals in their country of origin.  Private schools at all levels must be established under Honduran law. For greater certainty, there are no restrictions on foreign ownership of such schools.

<b>19. Sector:</b>	Entertainment Services – Music Entertainers
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Decreto No. 123 de fecha 23 de octubre de 1968, Ley de Protección a los Artistas Musicales, Artículos 1 – 4. (Decree No. 123 dated October 23, 1968, the Law on Protection of Musical Artists, Articles 1 – 4).</i>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Notwithstanding the measure above, Honduras agrees that foreign musicians who wish to perform individually or as a group in Honduras must pay 5% of their fees therefor to the Artists' Union of Honduras (<i>Sindicato de Artistas de Honduras</i>) and the manager or lessee shall, if possible, hire local musicians for the same performance.</p> <p>For greater certainty, foreign musicians must register with the Artists' Union of Honduras (<i>Sindicato de Artistas de Musica de Honduras</i>) for each performance in Honduras.</p>

<b>20. Sector:</b>	Entertainment Services Cultural and Sporting
<b>Subsector:</b>	Championships and Soccer Games Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Reglamento de Campeonatos y Competencias Liga Nacional de Fútbol No Aficionado de Primera División, Artículos 9 y 10. (Regulation of Championships and Competitions Football League First Division Amateur No. Articles 9 and 10).</i>
<b>Description:</b>	<u>Cross-Border Trade in Services:</u>  For the registration of foreign players, a certificate issued by the Ministry of the Interior and Justice stating that their residency application is being processed shall be required. Each club affiliated with the football ( <i>soccer</i> ) league may register up to 4 foreign players.

<b>21. Sector:</b>	Amusement, Cultural, and Sport Services
<b>Subsector:</b>	Casinos and Gambling (Encompasses Roulette, Cards, Punter, Baccarat, Slot Machines and the Like)
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 488, de fecha 16 de febrero de 1977, Ley de Casinos de Juegos de Envite o Azar, Artículo 3. (Decree No. 488, dated February 16, 1977, Casinos and Gambling, Article 3)
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Only Honduran nationals by birth and companies organized under Honduran law may operate a casino.

<b>22. Sector:</b>	Environmental Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 134-90, <i>Ley de Municipalidades</i> , Artículo 13 (3) y (4). (Decree No. 134-90, Municipal Law, Article 13 (3) and (4)).  Decreto No. 104-93, <i>Ley General del Ambiente</i> , Artículos 29 y 67. (Decree No. 104-93, General Environmental Law, Articles 29 and 67).
<b>Description:</b>	<u>Cross-Border Trade in Services:</u>  Only the State, through its municipalities, may provide public water distribution, waste disposal, and sanitation and hygiene services. For greater certainty, municipalities are responsible for building aqueducts, maintaining and managing potable water, sanitary sewers, drainage, and promoting and executing related projects.

<b>23. Sector:</b>	Distribution Services
<b>Subsector:</b>	Wholesale and Retail – Weapons, Munitions, and Other Related Items
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 131, <i>Constitución de la República de Honduras</i> , Título V, Capítulo X, Artículo 292. (Decree No. 131, Constitution of the Republic of Honduras, Title V, Chapter X, Article 292).
<b>Description:</b>	<p><u>Cross-Border Trade in Services:</u></p> <p>The wholesale and retail distribution of the following items is reserved solely for the Honduran Armed Forces:</p> <ul style="list-style-type: none"> <li>– munitions;</li> <li>– warplanes;</li> <li>– military rifles;</li> <li>– all classes of pistols and revolvers, 41-calibre or higher;</li> <li>– Honduran Army standard-issue pistols;</li> <li>– silencers for all classes of firearms;</li> <li>– firearms;</li> <li>– accessories and munitions;</li> <li>– cartridges for firearms;</li> <li>– apparatus and other accessories required to load cartridges;</li> <li>– gunpowder, explosives, caps, and fuses;</li> <li>– gas masks; and</li> <li>– air rifles.</li> </ul> <p>For greater certainty, use of explosives for commercial purposes may be permitted by the appropriate Honduran authority.</p>



<b>24. Sector:</b>	Investigation Services
<b>Subsector:</b>	Investigation and Security Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 156-98, <i>Ley Orgánica de la Policía Nacional</i> , Artículo 91. (Decree No. 156-98, Organic Law of the National Police, Article 91).  Reglamento No. 0771-2005 de fecha 18 de junio de 2005, Artículos 5 y 15, letras t), u) y v). (Regulation No. 0771-2005 of 18 June 2005, Articles 5 and 15 (t), (u) and (v)).
<b>Description:</b>	<p><u>Investment:</u></p> <p>Foreign companies that request a permit to provide private security services must partner with Honduran companies working in the same field and appoint a Honduran national by birth as manager.</p> <p>To obtain authorization to operate a private security company, foreigners must submit the following documents:</p> <ul style="list-style-type: none"> <li>– For foreign employees, a photocopy of the permit from the Secretary of State of Foreign Affairs and the Secretary of Labour and Social Security (<i>Secretaría de Estado en el Despacho de Relaciones Exteriores y Secretaría de Trabajo y Previsión Social</i>) to perform security-related functions.</li> <li>– Foreign partners must submit the original police and criminal record from their country of origin and residence, authenticated by the competent authority.</li> <li>– Properly authenticated original police and criminal records of foreigners serving the company, from both their country of origin and their country of residence.</li> </ul>

<b>25. Sector:</b>	Transportation Services
<b>Subsector:</b>	Air Transportation Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 55-2004, 19 de mayo de 2004, <i>Ley de Aeronáutica Civil</i> , Título VIII, Capítulo I, Artículos 106 y 149. (Decree No. 55-2004, May 19, 2004, Civil Aviation Act, Title VIII, Chapter I, Articles 106 and 149).
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Public air transport services between any two (2) places in Honduras are reserved for Honduran companies.</p> <p>Honduran companies are those that meet the following requirements:</p> <p>(a) At least 51% of the capital must belong to Honduran nationals or companies; and</p> <p>(b) Effective control and management of the company must also be in Honduran hands.</p> <p>In order to provide private specialty air services for remuneration, the authorization of the <i>Agencia Hondureña de Aeronáutica Civil</i> (Honduran Civil Aviation Agency) required and the provider must be a Honduran national or company.</p>

<b>26. Sector:</b>	Maritime Transportation Services
<b>Subsector:</b>	Coastal Navigation Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favoured-Nation Treatment (Articles 9.4 and 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 167-94, <i>Ley Orgánica de la Marina Mercante Nacional</i> , de fecha 2 de enero de 1995, Título II, III, Capítulo VII, Artículo 40. ( <i>Decree No. 167-94, Organic Law of the National Merchant Marine, dated January 2, 1995, Title II, III, Chapter VII, Article 40</i> ).  Acuerdo No. 000764, <i>Reglamento de Transporte Marítimo</i> de fecha 13 de diciembre de 1997, Artículo 6. (Agreement No. 000764, on Maritime Transport Regulations dated December 13, 1997, Article 6).  Decreto No. 154, <i>Ley de Pesca</i> , Capítulo IV, Artículo 26. (Decree No. 154, Fisheries Act, Chapter IV, Article 26).
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Coastal navigation for commercial purposes is reserved for Honduran merchant vessels. If there are no Honduran merchant vessels or if they are not available, for as long as such a condition exists, the Merchant Marine Directorate ( <i>Dirección General de la Marina Mercante</i> ) may authorize foreign merchant vessels to provide coastal navigation in Honduras. In such circumstances, preference shall be given to vessels flying a Central American flag.  Honduran merchant vessels must be registered under Honduran law, at least 51% of their paid-up capital must be owned by Honduran nationals, and the company must be domiciled in Honduras.  For greater certainty, only Honduran nationals by birth can be captains of commercial fishing vessels.

<b>27. Sector:</b>	Transportation Services
<b>Subsector:</b>	Services Transportation – Railways
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decreto No. 48, <i>Ley Constitutiva del Ferrocarril Nacional de Honduras</i> , Capítulos I y VIII, Artículo 32 y Artículo 12 reformado mediante Decreto No. 54. (Decree No. 48, Act establishing the National Railway of Honduras, Chapters I and VIII, Article 32 and Article 12 amended by Decree No. 54).
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  The Honduran National Railway (Ferrocarril Nacional de Honduras) may sell its subsidiaries only to Honduran nationals and to companies established under Honduran law.  Senior managers of the Honduran National Railway (Ferrocarril Nacional de Honduras) must be Honduran by birth.

<b>28. Sector:</b>	Other Business Services – Warehousing
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Acuerdo No. 0681, <i>Reglamento de los Almacenes Generales de Depósitos, del 24 de Octubre de 2005, Artículo 5.</i> (Agreement No. 0681, Regulation of General Warehouses of Deposits, of October 24, 2005, Article 5).
<b>Description:</b>	<p><u>Cross-Border Trade in Services:</u></p> <p>Only companies established under Honduran law with fixed capital and for the sole purpose of providing warehousing services shall be authorized to provide such services.</p>

<b>29. Sector:</b>	All the sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	As set out in the <b>Description</b> element
<b>Description:</b>	<p><u>Investment:</u></p> <p>Honduras, 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 Korea. With respect to such a sale or other disposition, Honduras may adopt or maintain any measure relating to the nationality of senior management or members of the board of directors.</p> <p>For purposes of this reservation:</p> <p>(a) 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</p> <p>(b) “state enterprise” means an enterprise owned or controlled through ownership interests by Honduras 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.</p>

## Annex II

### SCHEDULE OF HONDURAS

#### EXPLANATORY NOTE

1. The Schedule of Honduras of this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the specific sectors, sub-sectors, or activities for which Honduras may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Boards of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligation Concerned**, specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13.2 (Non-Conforming Measures) and 10.6.2 (Non-Conforming Measures), shall not apply to sectors, subsectors, or activities set out in the Schedule;
- (c) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry; and
- (d) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Articles 9.13.2 (Non-Conforming Measures) and 10.6.2 (Non-Conforming Measures), the Articles of this Agreement specified in the **Obligations Concerned** element of an entry shall not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.

<b>1. Sector:</b>	Communications Services
<b>Subsector:</b>	Telecommunications
<b>Obligations Concerned:</b>	National Treatment (Article 9.3 ) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt, maintain or modify the level of ownership in the national telecommunications company, <i>Empresa Hondureña de Telecomunicaciones</i> (Honduran Telecommunications Company) (HONDUTEL), as well as its affiliates or subsidiaries.
<b>Measures:</b>	



<b>2. Sector:</b>	Social Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt or maintain any measure concerning the application and enforcement of laws and the provision of social rehabilitation services, as well as the following services to the extent that they are social services established or maintained for reasons of public interest: pensions, unemployment insurance, social security services, pension fund services, social welfare services, public education, public training, health and child care.
<b>Measures:</b>	

<b>3. Sector:</b>	Minority Affairs
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt or maintain any measure conferring a right or preference on socially and economically disadvantaged minorities.
<b>Measures:</b>	

<b>4. Sector:</b>	Distribution Services
<b>Subsector:</b>	Petroleum Products
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u> Honduras reserves the right to adopt or maintain any measure concerning the importation and wholesale distribution of crude, reconstituted, refined or bunker petroleum products and all their derivatives.
<b>Measures:</b>	

<b>5. Sector:</b>	All sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Honduras reserves, with regard to Korea the right to adopt or maintain any measure granting a country different treatment on the basis of any bilateral or multilateral international treaty in force or signed before this Agreement takes effect.</p> <p>Honduras reserves the right to adopt or maintain any measure granting a country different treatment on the basis of any international treaty in force or signed after this Agreement takes effect with respect to:</p> <ul style="list-style-type: none"> <li>(a) aviation;</li> <li>(b) fishing;</li> <li>(c) maritime affairs, including salvage, or</li> <li>(d) railroad transportation.</li> </ul>
<b>Measures:</b>	

<b>6. Sector:</b>	Governmental Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt or maintain any measure with respect to the cross-border trade in services supplied in the exercise of governmental authority.
<b>Measures:</b>	

<b>7. Sector:</b>	Transport Services
<b>Subsector:</b>	Land Transport Services, Passengers, Cargo and Related Auxiliary Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt or maintain any measure related to service providing and the establishment of investment on the land transport sector, passenger or cargo and related auxiliary services.
<b>Measures:</b>	

<b>8. Sector:</b>	Professional Services
<b>Subsector:</b>	All Sectors
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt or maintain any measure with respect to service and the establishment of investment in the professional services sector.
<b>Measures:</b>	

<b>9. Sector:</b>	Fisheries
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt or maintain any measure with respect to the service and the establishment of investment in the fisheries sector and fishing activities in the territorial waters of Honduras and the Exclusive Economic Zone.
<b>Measures:</b>	



<b>10. Sector:</b>	Gambling and Betting Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt or maintain any measure with respect to gambling and betting services.  For greater certainty, “gambling and betting” includes such services supplied through electronic transmission.
<b>Measures:</b>	

<b>11. Sector:</b>	Audio-visual Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services:</u>  Honduras reserves the right to adopt or maintain any measure in the Audiovisual Services sector, related to, animations, video-games, motion pictures and video tape.
<b>Measures:</b>	

## Annex III

### SCHEDULE OF HONDURAS

#### EXPLANATORY NOTE

1. The Schedule of Honduras to Annex III sets out:
  - (a) headnotes that limit or clarify the commitments of Honduras with respect to the obligations described in clauses (i)-(v) of subparagraph (b), and in subparagraph (c);
  - (b) in Section A, pursuant to Article 11.9 (Non-Conforming Measures), the existing measures of Honduras that do not conform to some or all of the obligations imposed by:
    - (i) Article 11.2 (National Treatment);
    - (ii) Article 11.3 (Most-Favored-Nation Treatment);
    - (iii) Article 11.4 (Market Access for Financial Institutions);
    - (iv) Article 11.5 (Cross-Border Trade); or
    - (v) Article 11.8 (Senior Management and Boards of Directors); and
  - (c) in Section B, pursuant to Article 11.9 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Honduras may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), 11.5 (Cross-Border Trade), or 11.8 (Senior Management and Boards of Directors).
2. Each entry in Section A sets out the following elements:
  - (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Subsector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 11.9 (Non-Conforming Measures), do not apply to the listed measure(s);

- (d) **Level of Government** indicates the level of government maintaining the listed measure(s);
  - (e) **Measures** identifies the laws, regulations or other measures for which the entry is made. 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;
  - (f) **Description** provides a general, non-binding description of the Measures.
3. Each entry in Section B sets out the following elements:
- (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Subsector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the obligation(s) referred to in subparagraph 1(c) that, pursuant to Article 11.9 (Non-Conforming Measures), do not apply to the sectors, subsectors, or activities listed in the entry;
  - (d) **Level of Government** indicates the level of government maintaining the listed measure(s); and
  - (e) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry.
4. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:
- (a) the Measures element is qualified by a liberalization commitment from the Description element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the Measures element as so qualified shall prevail over all other elements; and
  - (b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it

would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

5. For entries in Section B, in accordance with Article 11.9 (Non-Conforming Measures) the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where Honduras maintains a measure that requires that a service supplier be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), or 11.5 (Cross-Border Trade) shall operate as a non-conforming measure with respect to Articles 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment) and 9.9 (Performance Requirements), to the extent of that measure.

7. Appendix III-A refers to certain measures that the Parties consider to be not inconsistent with Articles 11.2 (National Treatment) or 11.4 (Market Access for Financial Institutions) or that are subject to Article 11.10 (Exceptions).

## HEADNOTES

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.
2. To clarify Honduras's commitment with respect to Article 11.4 (Market Access for Financial Institutions), juridical persons supplying financial services and constituted under the laws of Honduras are subject to non-discriminatory limitations on juridical form.<sup>1</sup>
3. The commitments of Honduras under Articles 11.2 (National Treatment) and 11.4 (Market Access for Financial Institutions) are subject to the limitation that in order to establish or acquire a controlling interest in a financial institution in Honduras, a foreign investor must own or control a financial institution that engages in supplying financial services within the same financial services subsector in its home country.
4. Honduras limits its commitments under Article 11.9.1(c) (Non-Conforming Measures) with respect to Article 11.4 (Market Access for Financial Institutions) in the following manner: Article 11.9.1(c) shall apply only to non-conforming measures relating to 11.4.1(a) and not to those non-conforming measures relating to Article 11.4.1(b).<sup>2</sup>

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<sup>1</sup> In compliance with Article 90 of the Honduran Commerce Code, "Sociedad Anónima" is the entity that exists under a denomination, and it has a founding capital divided into shares, whose partners limit their liability to those shares that they have undersigned". The requirements to constitute a "Sociedad Anónima" are provided for by Article 92 of Honduran Commerce Code.

<sup>2</sup> Article 11.3 (Most-Favoured-Nation Treatment) shall not apply with regard to the limitation in the application of Article 11.9.1(c) described above in paragraph 4.

## Section A

<b>1. Sector:</b>	Financial Services
<b>Subsector:</b>	Banking and Other Financial Services, Banks, and Loan Associations, Financial Companies
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Ley de Instituciones del Sistema Financiero, Decreto No. 129-2004 del 24 de septiembre de 2014, Artículos 5, 6, 18, y 32. (Financial System Law, Decree No. 129-2004, Arts. 5, 6, 18, and 32)  Decreto No. 60-99 de fecha de 3 de Junio de 1999. (Decree No. 60-99 of 3 June 1999).
<b>Description:</b>	<p>Foreign financial institutions must be established as an anonymous society (<i>Sociedades Anónimas</i>), as a branch, or as a representative office in conformity with the above-cited measures.</p> <p>The operations of a branch or agency of a foreign bank are limited to the amount of capital assigned to the offices operating in Honduras.</p> <p>A branch or agency of a foreign bank may only publish the amount of capital effectively assigned to the offices operating in the country and their respective capital reserves.</p> <p>The Comision Nacional de Bancos y Seguros (National Commission of Banks and Insurance), shall not permit the opening of a branch or agency of a foreign bank if there is no reciprocity in their country of origin.</p> <p>In this context, a lack of reciprocity means that the law of another country completely excludes the possibility of establishing as a foreign branch.</p> <p>A branch of a foreign bank is not required to have its own Board of Directors or Administrative Council, but must have at least two representatives domiciled in Honduras. Those representatives are responsible for the general direction and administration of the business and have the legal authority to act in Honduras and to execute and to be responsible for the branch's own operations.</p>

<b>2. Sector:</b>	Financial Services
<b>Subsector:</b>	Bureaus of Exchange
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Ley de Casas de Cambio</i> , Decreto No. 16-92 del 3 de marzo de 1992, Artículo 4. (Law of Exchange Offices, Decree No. 16-92 of March 3, 1992, Article 4).
<b>Description:</b>	Currency exchange bureaus in Honduras must be constituted as an anonymous society ( <i>Sociedad Anónima</i> ) <sup>3</sup> .  The shareholders of currency exchange bureaus must be natural persons with Honduran nationality.

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<sup>3</sup> In compliance with Article 90 of the Honduran Commerce Code, “Sociedad Anónima” is the entity that exists under a denomination, and it has a founding capital divided into shares, whose partners limit their liability to those shares that they have undersigned”. The requirements to constitute a “Sociedad Anónima” are provided for by Article 92 of Honduran Commerce Code.



<b>3. Sector:</b>	Financial Services
<b>Subsector:</b>	Securities Exchanges
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Ley de Mercado de Valores</i> , Decreto No. 8- 2001 del 9 de junio de 2001, Artículo 21. (Securities Market Law, Decree No. 8- 2001 of June 9, 2001, Article 21).
<b>Description:</b>	A securities exchange operating in Honduras must be constituted as an anonymous society ( <i>Sociedad Anónima</i> ).

<b>4. Sector:</b>	Financial Services
<b>Subsector:</b>	Securities Firms
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Ley de Mercado de Valores</i> , Decreto No. 8-2001 del 9 de junio de 2001, Artículo 49. (Securities Market Law, Decree No. 8-2001 of June 9, 2001, Article 49).
<b>Description:</b>	Securities firms in Honduras must be constituted as an anonymous society ( <i>Sociedad Anónima</i> ).

<b>5. Sector:</b>	Financial Services
<b>Subsector:</b>	Fund Administration Companies
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Ley de Mercado de Valores</i>, Decreto No. 8-2001 del 9 de junio de 2001, Artículo 82. (Securities Market Law, Decree No. 8-2001 of June 9, 2001, Article 82)</p> <p>Artículo 3 del <i>Reglamento de las Sociedades Administradoras de Fondos</i>, aprobado mediante la Resolución No. 171/11-02-2003. ( Article 3 of the Fund Administration Companies Regulations approved under Resolution No. 171/11-02-2003)</p>
<b>Description:</b>	Fund Administration Companies in Honduras must be constituted as an anonymous society ( <i>Sociedad Anónima</i> ) with the exclusive social purpose of administering one or more mutual funds and/or investment funds in accordance with the laws on that matter.

<b>6. Sector:</b>	Financial Services
<b>Subsector:</b>	Centralized Depositories for the Custody, Compensation and Liquidation of Shares
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<i>Ley de Mercado de Valores</i> , Decreto No. 8-2001 del 9 de junio de 2001, Artículo 139. (Securities Market Law, Decree No. 8-2001 of June 9, 2001, Article 139)
<b>Description:</b>	Depositories for the custody, compensation and liquidation of shares in Honduras must be constituted as an anonymous society ( <i>Sociedad Anónima</i> ).

<b>7. Sector:</b>	Financial Services
<b>Subsector:</b>	Insurance and Reinsurance
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p><i>Ley de Instituciones de Seguros y Reaseguros</i>, Decreto No. 22-2001 del 11 de agosto de 2011, Artículos 9, 21, 47, 58, 96, 97. (Law on Insurance and Reinsurance Institutions, Decree No. 22-2001, Articles 9, 21, 47, 58, 96, 97).</p> <p><i>Reglamento de Establecimientos de Sucursales de Instituciones de Seguros Extranjeras, de la Comisión Nacional de Bancos y Seguros</i>, aprobado mediante la Resolución No. 948/05-08-2003, Arts. 4 y 7, publicado en el <i>Diario Oficial "La Gaceta,"</i> con fecha 15 de Agosto de 2003. (Regulation of Branches and Establishment of Foreign Insurance Institutions, National Commission of Banks and Insurance approved under Resolution No. 948/05-08-2003, Articles 4 and 7, published in the <i>Diario Oficial "La Gaceta"</i> 15 August 2003).</p> <p><i>Reglamento de Ajustadores de Pérdidas y Auxiliadores de Seguros</i>, aprobado mediante la Resolución No. 947/05-08-2003 de la Comisión Nacional de Bancos y Seguros el 8 de Agosto de 2003, Art. 3, publicado en el <i>Diario Oficial "La Gaceta,"</i> con fecha 15 de Agosto de 2003. (Regulations of Loss Adjusters and Insurance Intermediaries, approved under Resolution No. 947/05-08-2003 of the National Commission of Banks and Insurance on 8 August 2003, Article 3, published in the <i>Diario Oficial "La Gaceta"</i> 15 August 2003).</p> <p><i>Resolución No. 443 del 11 de Diciembre de 2003, Art. 7, subpárrafo (k).</i> (Resolution No. 443 of 11 December 2003, Article 7, subparagraph (k)).</p>
<b>Description:</b>	<p>Insurance institution is organized in the country; it must be constituted as an anonymous society (<i>Sociedad Anónima</i>) of capital divided into registered shares. The founders may be natural or legal persons.</p> <p>The Foreign insurance institution seeking to establish in Honduras must deposit at least 10% of the minimum capital of the proposed company in either the Central Bank of Honduras (<i>Banco Central de Honduras</i>) or invest the above amount in State securities. This deposit will be refunded once the</p>

	<p>application is approved or resolved.</p> <p>To act as an insurance agent or broker, a natural person must be a Honduran national or a resident of Honduras for at least three consecutive years.</p> <p>To serve as an adjustor or claim liquidator, accident investigator, or damage inspector, a natural person must be a Honduran national or legal resident in Honduras.</p> <p>A branch of a foreign insurance institution is not required to have its own Board of Directors or Administrative Council, but must have 1 representative domiciled in Honduras. That representative is responsible for the general direction and administration of the business and has the legal authority to act in Honduras and to execute and to be responsible for the branch's own operations.</p>
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## Section B

<b>8. Sector:</b>	Financial Services
<b>Subsector:</b>	Savings and Loan Cooperatives
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.4) Senior Management and Boards of Directors (Article 11.8)
<b>Level of Government:</b>	Central
<b>Measures:</b>	
<b>Description:</b>	Honduras reserves the right to adopt or maintain a non-conforming measure with respect to the provision of services by Savings and Loan Cooperatives.

<b>9. Sector:</b>	Financial Services
<b>Subsector:</b>	All sub-sectors other than Banks and Insurance
<b>Obligations Concerned:</b>	Market Access for Financial Institutions (Article 11.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	
<b>Description:</b>	Honduras reserves the right to adopt or maintain any measure requiring the incorporation in Honduras of foreign financial institutions, other than those seeking to operate as banks or insurance companies within Honduras.



**Appendix III-A**  
**Honduras**

**CERTAIN MEASURES NOT INCONSISTENT WITH ARTICLES 11.2 OR 11.4, OR SUBJECT TO ARTICLE 11.10.**

In accordance with Article 11.10 (Exceptions), Honduras reaffirms that nothing in this Agreement prevents it from adopting or maintaining measures for prudential reasons.

Without prejudice to Article 11.10 (Exceptions), any measure that Honduras adopts or maintains in its legislation that is equivalent or has an effect equivalent to the measures set forth in Appendix III-1 of Korea, shall not be construed to be inconsistent with Articles 11.2 or 11.4. Any revision, amendment or modification to such measures or related legislation shall not be construed to be inconsistent with Articles 11.2 or 11.4, to the extent that it does not conflict with the spirit of the original measure.

## Annex I

### SCHEDULE OF NICARAGUA

#### EXPLANATORY NOTES

1. The Schedule of Nicaragua to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), Nicaragua's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Articles 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Articles 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence);
- (d) Article 9.9 (Performance Requirements);
- (e) Article 9.10 (Senior Management and Boards of Directors); or
- (f) Article 10.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the listed measure(s);
- (c) **Level of Government** indicates the level of government maintaining the listed measure(s);
- (d) **Measures** identify the laws, regulations, or other measures for which the entry is made. 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
- (e) **Description** sets out commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the existing measures for which the entry is **made**.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant provisions of the Chapters against which the entry is made. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Article 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry shall not apply to the law, regulation, or other measure identified in the **Measures** element of that entry.

5. Where a Party maintains a measure that requires that a service provider be a citizen as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favored-Nation Treatment), or 10.5 (Local Presence) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.9 (Performance Requirements) to the extent of that measure.

6. For greater certainty, Article 10.4 (Market Access) refers to non-discriminatory measures.

<b>1. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	The Commerce Code of the Republic of Nicaragua ( <i>Código de Comercio de la República de Nicaragua</i> ), published in <i>La Gaceta</i> No. 248, of October 30, 1916.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Companies formally constituted abroad, which are established in Nicaragua or have an agency or branch, shall maintain in the country a legal representative with a general power of attorney, registered in the corresponding Registry and domiciled in the country.</p>

<b>2. Sector:</b>	Musicians and Artists
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9) National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 215, Law for the Promotion of National Artistic Expressions and Protection of Nicaraguan Artists (<i>Ley No. 215, Ley de Promoción a las Expresiones Artísticas Nacionales y de Protección a los Artistas Nicaragüenses</i>), published in <i>La Gaceta</i> No.134 of July 17, 1996.</p> <p>Law No. 723, Law of Cinematography and the Audiovisual Arts (<i>Ley 723, Ley de Cinematografía y de las Artes Audiovisuales</i>), published in <i>La Gaceta</i> No. 198 of October 18, 2010.</p> <p>Decree AN No. 7445, on the approval of the Latin-American Agreement on Cinematographic Co-production (<i>Decreto AN No. 7445, De aprobación del Acuerdo Latinoamericano de Coproducción Cinematográfica</i>), published in <i>La Gaceta</i> No. 60 of March 28, 2014.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Co-productions with Nicaraguan filmmakers must have at least 30 percent of artistic, technical and creative national staff; additionally, the production must have a Nicaraguan economic participation of not less than 10 percent.</p> <p>The foreign film productions made in Nicaragua must contract, for their production, at least 20 percent of technical, creative and artistic Nicaraguan personnel.</p> <p>If producers do not want to include the participation of national personnel, they will pay in cash 5 percent of the cost of the budget to be implemented in the country, to be destined to the National Film Promotion Fund.</p> <p>The foreign productions that enter temporarily to the country with purpose of making films must pay a filming duty to be destined to the National Film Promotion Fund.</p> <p>Any foreign natural or legal person that performs any type of audiovisual or film production in any format must be registered at the National Cinematheque of Nicaragua.</p>

Once the production is finished, a copy of it must be deposited in the Film Archive of the National Cinematheque of Nicaragua.

Audiovisual advertising works carried out totally or partially outside of Nicaragua must apply to the National Cinematheque of Nicaragua for the respective authorization for its exhibition in the national territory. 20 percent of the advertising audiovisual works exhibited or transmitted in cinemas, television or cable television must be of national production.

Every foreign artist or musical band may only present performances in Nicaragua through a prior contract or through government agreements.

Foreign artists performing programs, shows or review of a commercial nature in Nicaragua shall include in their program a Nicaraguan artist or group that perform similar performances, which must be paid.

If the foreign artists or artistic groups do not wish to include the participation of a national artist in their program, they must pay in cash one percent of the net income they obtain from the show to the Nicaraguan Institute of Culture unless the country of origin of foreign artists or groups does not impose a similar tax to Nicaraguan artists or artistic groups.

The design and construction of public, pictorial and sculptural monuments erected in Nicaragua will be awarded through competition to national artists and when necessary, to foreigners associated with national artists.

Foreigners selected for the design and construction of public, pictorial, or sculptural monuments erected in Nicaragua, shall do so in association with Nicaraguan artists.

In the case of the co-production of cinematographic works that are carried out with national professionals or residents of the Member States of the Latin American Cinematographic Coproduction Agreement, the directors of such productions shall be national or residents of the Member States of this Agreement or co-producers from Latin America, the Caribbean or other Spanish-speaking or Portuguese-speaking countries.

<b>3. Sector:</b>	Tourism - Hotels, Restaurants, Tour Guides, Rent- a-Car and other activities related to tourism
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 306, Tourism Industry Incentives Law of the Republic of Nicaragua and its reforms. (Ley No. 306, <i>Ley de Incentivos a la Industria Turística de la República de Nicaragua</i>), published in <i>La Gaceta</i> No. 117 of June 21, 1999 and its reforms.</p> <p>Regulation on the Companies and Tourist Activities of Nicaragua, (<i>Reglamento de Empresas y Actividades Turísticas de Nicaragua</i>), published in <i>La Gaceta</i> No. 99 of May 28, 2001.</p> <p>Regulation of Nicaraguan Travel Operators (<i>Reglamento de los Operadores de Viajes de Nicaragua</i>), published in <i>La Gaceta</i> No. 100 of May 29, 2001.</p> <p>Regulation that regulates the activity of Rent a Car and Aquatic Vehicles Companies (<i>Reglamento que regula la actividad de las empresas arrendadoras de Vehículos Automotrices y Acuáticos</i>) (Rent a Car), published in <i>La Gaceta</i> No. 108 of June 8, 2001.</p> <p>Regulation on Tourist Guides (<i>Reglamento de Guías de Turistas</i>), published in <i>La Gaceta</i> No. 40 of February 26, 2001.</p> <p>Regulation on Travel Agencies of Nicaragua (<i>Reglamento de Agencias de Viajes de Nicaragua</i>), published in <i>La Gaceta</i> No. 96 of May 21, 2001.</p>

<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>To provide tourism services in Nicaragua, a company must be organized under the laws of Nicaragua; and a foreign national must reside in Nicaragua or appoint a legal representative in Nicaragua.</p> <p>This paragraph does not apply to the provision of tourism services during a cruise.</p> <p>Any person who avails oneself of the Law of Incentives of the Tourism Industry will be required to hire Nicaraguan personnel, with the exception of experts and specialized technicians, with prior authorization from the Ministry of Labor. They will also be required to provide specialized and ongoing training to Nicaraguan citizens according to the demands of tourism sector.</p> <p>Only Nicaraguans can be tour guides.</p>
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<b>4. Sector:</b>	Gambling and Betting Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 766, Text of Law No. 776, "Special Law for the Control and Regulation of Casinos and Gaming Rooms", with its Incorporated Reforms (<i>Ley No. 766, Texto de la Ley No. 776, "Ley Especial para el Control y Regulación de Casinos y Salas de Juegos de Azar", con sus Reformas Incorporadas</i>), published in <i>La Gaceta</i> No. 238 of December 16, 2014.</p> <p>Decree No. 06-2015, Regulation to the Law No. 766, Special Law for the control and regulation of Casinos and Gambling Rooms (<i>Decreto 06-2015, Reglamento de la Ley "766 Ley Especial para el control y regulación de Casinos y Salas de Juegos de Azar"</i>), published in <i>La Gaceta</i> No. 47 of March 10, 2015.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The casinos and gambling rooms will be authorized if they are within the categories established by law.</p> <p>Every betting game operating in Nicaragua should take place in a Casino and/or gambling room, except those that by law are expressly governed under other specific legal regime. When it is uncertain which legal regime should be applied to a gamble game, the competent authority indicated in this law shall determine if it qualifies as a game under the scope of this law.</p> <p>The operation of casinos and gambling rooms is a permitted activity but not promoted by the State, therefore, it is considered justified that the State may establish measures to prevent or contain the unjustified proliferation of casinos and gambling rooms or the inadequate oversight thereof, being able to establish objective and reasonable measures governing the exercise of enterprise freedom in this sector in order to guarantee public order, public security and the protection of vulnerable groups.</p> <p>To obtain the operating permit, the applicant must first obtain the Title-License of Operation as a Casino or Gambling Rooms from the competent authority. If the applicant is a legal person, it shall present a copy of the deed of social constitution duly authenticated by a public notary as the witness and duly registered in the Public Mercantile</p>

	<p>Registry (<i>Registro Público Mercantil</i>), including amendments if necessary.</p> <p>Once the requirements for the application of the title-license for the operation of Casinos and gambling rooms have been fulfilled and prior to the issuance of such document, the applicant must present a guarantee bond issued by a financial institution which is regulated by the <i>Superintendence of Banks and Other Financial Institutions (Superintendencia de Bancos y Otras Instituciones Financieras)</i> in favor of the competent authority.</p> <p>Persons who have been shareholders, partners, directors or managers of a company sanctioned with partial or total closure or cancellation of the Title-License operating or Operating Permit of the Casino and/or Gambling Rooms won't be able to participate as a shareholder, partner, director, manager, representative or employee of a natural or legal person who holds a Title-License of operating a Casino and/or Gambling Rooms.</p> <p>It is expressly forbidden to participate directly or indirectly, as a player or bettor in any type of games and bets played in the Casinos and Gambling Rooms, for those who are shareholders, partners, directors, managers, agents or employees of enterprise, or company to which the Casino or Gambling Room belongs.</p> <p>It is strictly prohibited to import, operate or develop any commercial actions with prohibited games throughout the national territory. These games cannot be imported, manufactured, marketed or operated in any modality and under any circumstances. The competent authority by means of a reasoned decision will determine the types of prohibited games. It is also prohibited to operate or develop any commercial action with gambling listed in the Games Catalog, if the operator does not have the corresponding Title-License and the establishment where the Casino or Gambling Room operates, does not have the respective Operating Permit.</p> <p>The establishment and operation of casinos and gambling rooms within four hundred meters of schools, churches, hospitals, government offices, barracks, cemeteries, road camps, theaters, markets and sports centers is prohibited.</p>
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<b>5. Sector:</b>	Business Services (related to the sale of alcoholic beverages)
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>The Commerce Code of the Republic of Nicaragua (<i>Código de Comercio de la República de Nicaragua</i>), published in <i>La Gaceta</i> No. 248 of October 30, 1916.</p> <p>Law No. 306, Tourism Industry Incentives Law of the Republic of Nicaragua and its reforms (<i>Ley No. 306, Ley de Incentivos para la Industria Turística de la República de Nicaragua y sus reformas</i>), published in <i>La Gaceta</i> No. 168 of September 02, 1999.</p> <p>Decree 26-96, Regulation of the Law of the National Police (<i>Decreto 26-96, Reglamento de la Ley de la Policía Nacional</i>), published in <i>La Gaceta</i> No.32 of February 14, 1997.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A license is required for the operation of casinos, nightclubs (Night club), discotheques, cockerel and all kinds of gambling allowed.</p> <p>Foreign citizens who sell alcoholic beverages through hotel services and similar accommodation; food and drinks supply, and entertainment centers such as discotheques, cockerel and all kinds of gambling allowed, bars, pubs, and billiards; must have duly updated certificate of residence.</p> <p>Legal entities must be duly registered in the corresponding register and appoint a legal representative domiciled in the country.</p>

<b>6. Sector:</b>	Services Related to Construction
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decree No. 327, Law Regulating the Design and Construction Activity (Decreto No. 237, <i>Ley Reguladora de la Actividad de Diseño y Construcción</i> ), published in <i>La Gaceta</i> No. 263 of December 1, 1986.
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  In order to supply construction services in Nicaragua an enterprise must be organized under Nicaraguan law; and a foreign national must reside in Nicaragua or appoint a legal representative in Nicaragua.

<b>7. Sector:</b>	Manufacture and distribution of fireworks Distribution of firearms and ammunition
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 510, Special Law for the Control and Regulation of Firearms, Ammunition, Explosives, and Other Related Materials, and its reforms (<i>Ley No. 510, Ley Especial para el Control y Regulación de Armas de Fuego, Municiones, Explosivos, y otros Materiales Relacionados</i>), published in <i>La Gaceta</i> No. 40 of February 25, 2005 and its reforms.</p> <p>Decree 26-96, Regulation of the Law of the National Police (<i>Decreto 26-96, Reglamento de la ley de la Policía Nacional</i>), published in <i>La Gaceta</i> No. 32, of February 14, 1996 and its reforms.</p> <p>Decree No. 28-2005 Regulation of the Special Law for the Control and Regulation of Firearms, Ammunition, Explosives, and Other Related Materials, Law No. 510 (<i>Decreto No. 26-96 Reglamento a la Ley No. 510, Ley Especial para el Control y Regulación de Armas de Fuego, Municiones, Explosivos, y otros Materiales Relacionados</i>), published in <i>La Gaceta</i> No. 78 of April 22, 2005 and its reforms.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>To manufacture and commercialize fireworks, and distribute firearms and ammunitions in Nicaragua, a foreign enterprise must be organized in accordance with the laws of Nicaragua; and a foreign national must reside in Nicaragua.</p>

<b>8. Sector:</b>	Private Security Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 903, Private Security Services Law (Ley No. 903, <i>Ley de Servicios de Seguridad Privada</i>), published in <i>La Gaceta</i> No. 141 of July 29, 2015.</p> <p>Resolution DGTA No. 026 - 2013, Enabling and Accreditation of Surveillance Companies and Port Security Guards Personnel (Resolución DGTA 026 – 2013, <i>Habilitación y Acreditación de Empresas de Vigilancia y Personal Guardas de Seguridad Portuaria</i>), published in <i>La Gaceta</i> No. 89 of May 16, 2014.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A company must be established in Nicaragua, in accordance with the laws of the country, to operate as company of private security guards.</p> <p>The personnel working for private security companies must be Nicaraguans or foreigners who have their updated residence or work permit issued by the competent authorities. Natural persons serving as armed guards must be of Nicaraguan nationality.</p> <p>Only the personnel registered with the Water Transport General Directorate of the Ministry of Transport and Infrastructure (<i>Dirección General de Transporte Acuático del Ministerio de Transporte e Infraestructura</i>), may carry out protection works within ports.</p>

<b>9. Sector:</b>	Radio Broadcast, Free Television Reception
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 200, General Law of Telecommunications and Postal Services and its reforms (Ley No. 200, <i>Ley General de Telecomunicaciones y Servicios Postales y sus reformas</i>), published in <i>La Gaceta</i> No. 154 of August 18, 1995 and its reforms.</p> <p>Administrative Agreement No. 07-97, Regulation of the Television Broadcasting Services (Acuerdo Administrativo No. 07-97 <i>Reglamento del Servicio de Radiodifusión Televisiva</i>), published in <i>La Gaceta</i> No. 228 of November 28, 1997.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>A license for operating as social communication media (free over the air television and radio broadcasting services AM and FM) shall only be granted to Nicaraguan natural or legal persons. In the case of enterprises, Nicaraguan nationals must own 51 percent of the capital whose shares will be nominative.</p>

<b>10. Sector:</b>	Communications – Professional Radio and Television Broadcast Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decree No. 66, In broadcasters and televisions of the country, only Nicaraguan announcers can be used for narrations of sports programs (Decreto No. 66, <i>En radiodifusoras y televisiones del país, únicamente locutores nicaragüenses podrán ser utilizados para las narraciones de programas deportivos</i> ), published in <i>La Gaceta</i> No. 256, November 10, 1972.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Enterprises that supply radio and television broadcast services in Nicaragua shall only use the professional services of Nicaraguan announcers for the narration, commentaries, and live transmission or retransmission of sports or similar commercial programs.</p> <p>Notwithstanding the foregoing, foreign nationals will be allowed to serve as announcers if the laws of their own countries allow Nicaraguan nationals to supply such services.</p> <p>The provisions of this measure shall not apply to the broadcast of programs by foreign announcers when the transmission of such programs is aimed exclusively to other countries.</p>



<b>11. Sector:</b>	Communications - Services and Public Telecommunications Networks
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decree No. 19-96, Regulation of Law No. 200, General Law of Telecommunications and Postal Services (Decreto No. 19-96 <i>Reglamento de la Ley No. 200 Ley General de Telecomunicaciones y Servicios Postales</i> ), published in <i>La Gaceta</i> No. 177, of September 19, 1996 and its reforms.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A license is required by the regulatory entity of telecommunications, the Nicaraguan Institute of Telecommunications and Postal Services (<i>Instituto Nicaraguense de Telecomunicaciones y Servicios Postales</i>) (TELCOR), to provide telecommunications services marketing. In order to obtain this license, legal persons must be incorporated under Nicaraguan law, and foreign persons must have a valid residence permit and a legal address in the country.</p>

<b>12. Sector:</b>	Communications
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 200, General Law of Telecommunications and Postal Services (<i>Ley No. 200, Ley General de Telecomunicaciones y Servicios Postales</i>), published in <i>La Gaceta</i> No. 154 of August 18, 1995.</p> <p>Decree No. 19-96, Regulation of Law No. 200, General Law of Telecommunications and Postal Services (Decreto No. 19-96, <i>Reglamento de la Ley No. 200, Ley General de Telecomunicaciones y Servicios Postales</i>), published in <i>La Gaceta</i> 177 of September 19th, 1996.</p> <p>The Commerce Code of the Republic of Nicaragua (<i>Código de Comercio de la República de Nicaragua</i>), published in <i>La Gaceta</i> No. 248 of October 30, 1916.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>For the provision of telecommunications and postal services, or for the use of the radio electric spectrum or other means of transmission, it is required qualifying documents (concessions, licenses, registrations or permits) granted by the Nicaraguan Institute of Telecommunications and Postal Services (<i>Instituto Nicaraguense de Telecomunicaciones y Servicios Postales - TELCOR</i>), which will be issued only to natural or legal Nicaraguans or foreign persons who have legal representation in the country and are registered in the corresponding Register, to be submitted to the jurisdiction of the courts of the Republic of Nicaragua and to be subject to all the provisions of the law, regulations, rules, resolutions and administrative arrangements applicable to the telecommunications and postal services sector.</p> <p>Interconnection contracts or any other contracts in telecommunications area, which companies are seeking to subscribe with foreign governments, must be processed through TELCOR, the regulating entity.</p>

<b>13. Sector:</b>	Communications - Public Telecommunications Networks
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 200, General Law of Telecommunications and Postal Services (Ley No. 200, <i>Ley General de Telecomunicaciones y Servicios Postales</i>), published in <i>La Gaceta</i> No. 154 of August 18, 1995 and its reforms.</p> <p>Administrative Agreement No. 06-97, Regulation of the Subscription Television Services (Acuerdo Administrativo No. 06-97, <i>Reglamento del Servicios de Televisión por Suscripción</i>), published in <i>La Gaceta</i> No. 205 of October 28, 1997.</p> <p>Administrative Agreement No. 02-97, Regulation of the Satellite Communication Services (Acuerdo Administrativo 02-97: <i>Reglamento de los Servicios de Comunicaciones por satélite</i>), published in <i>La Gaceta</i> No. 74 of April 22, 1997.</p> <p>Decree No. 32-2012, Reforms and Additions to Decree No. 128-2004, General Regulation of the Organic Law of TELCOR (Decreto No. 32-2012, <i>Reformas y Adiciones al Decreto No. 128-2004, Reglamento General de la Ley Orgánica de TELCOR</i>), published in <i>La Gaceta</i> 188 of October 3, 2012.</p>

<p><b>Description:</b></p>	<p><u>Cross-Border Trade in Services</u></p> <p>A license granted by the Nicaraguan Institute of Telecommunications and Postal Services (<i>Instituto Nicaraguense de Telecomunicaciones y Servicios Postales</i> – TELCOR), Regulator Entity, is required to install, operate or use a Public Telecommunications Network for the provision of services regarding the subscription television services.</p> <p>Companies that sell directly satellite radio and television signal and the companies that offer satellite carrier services must sign signal landing agreements with TELCOR.</p> <p>It is required to have a license granted by TELCOR to market satellite communications services and exploit the rights of emission and reception of signals and frequency bands associated with satellite systems that cover and can provide services in the Nicaraguan territory.</p> <p>A permit granted by TELCOR is required for the establishment of facilities that require assignment of radio electric frequencies and that have not been specifically authorized in the concessions and licenses, as well as those of the operators of private networks.</p> <p>The right of use and exploitation of satellite orbits and radio-electric frequency spectrum allocated and/or awarded to satellite radio services is granted by the Concession Agreement.</p> <p>The management and coordination of satellite orbits and its radio electric frequency spectrum, with the International Telecommunication Union (ITU) and with agencies and public and/or private institutions concerned, are exclusive competencies of TELCOR.</p>
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<b>14. Sector:</b>	Communications - Services and Public Telecommunications Networks (including telephony)
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Article 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Political Constitution of the Republic of Nicaragua, and its reforms (<i>Constitución Política de la República de Nicaragua y sus reformas</i>), published in <i>La Gaceta</i> No. 32 of February 18, 2014.</p> <p>Law No. 200, General Law of Telecommunications and Postal Services (Ley No. 200, <i>Ley General de Telecomunicaciones y Servicios Postales</i>), published in <i>La Gaceta</i> No. 154 of August 18, 1995 and its reforms.</p> <p>Decree No. 19-96, Regulation of Law No. 200, General Law of Telecommunications and Postal Services (Decreto No. 19-96, <i>Reglamento de la Ley No. 200, Ley General de Telecomunicaciones y Servicios Postales</i>), published in <i>La Gaceta</i> No. 177 of September 19, 1996 and its reforms.</p> <p>Administrative Agreement No. 001-2004, Regulation for the Elaboration and/or Modification of the National Plans for Routing, Availability and Security of Traffic of Services and Telecommunications Networks (Acuerdo Administrativo No. 001-2004, <i>Reglamento para la Elaboración y/o Modificación de los Planes Nacionales de Encaminamiento, Disponibilidad y Seguridad del Tráfico de los Servicios y Redes de Telecomunicaciones</i>), published in <i>La Gaceta</i> No. 20 of January 29, 2004 and its reforms.</p> <p>Administrative Agreement No. 20-99, General Regulation of Interconnection and Access (Acuerdo Administrativo 20-99, <i>Reglamento General de Interconexión y Acceso</i>), published in <i>La Gaceta</i> No. 146 of August 2, 1999.</p> <p>Administrative Agreement No. 02-97, Regulation of the Satellite Communication Services (Acuerdo Administrativo 02-97, <i>Reglamento de los Servicios de Comunicaciones por Satélite</i>), published in <i>La Gaceta</i> No. 74 of April 22, 1997.</p>

<p><b>Description:</b></p>	<p><u>Cross-Border Trade in Services</u></p> <p>The telecommunications services covered in this reservation, whether or not they are provided to the public, involve the real time of transmission of the information provided to the user between two or more points without change from point to point in the form or on the content of information of the user. An enabling title granted by the Nicaraguan Institute of Telecommunications and Postal Services (<i>Instituto Nicaraguense de Telecomunicaciones y Servicios Postales</i> – TELCOR) is required for:</p> <ol style="list-style-type: none"> <li>a. installing radio infrastructure and using, taking advantage of or exploiting a band of frequencies in the national territory, except for the operation of industrial, scientific and medical equipment in unintentional or intentional radiators with power of less than fifty milliwatts or according to other rules of TELCOR;</li> <li>b. providing services operating or exploiting public telecommunications networks or marketing services of authorized network operators;</li> <li>c. operating satellites that can cover and provide services in the national territory and commercializing satellite communications services; and</li> <li>d. exploiting the rights of emission and reception of signals of frequency bands associated with foreign satellite systems that can cover and provide services in the national territory.</li> </ol> <p>The operators of private networks that seek to commercially exploit the services must obtain a qualification awarded by TELCOR, in which case their networks shall take the character of public telecommunications network. The private network operators will be required an authorization certificate if in the opinion of TELCOR it is necessary to monitor the compliance with restrictions on interconnection of certain services which use private networks.</p> <p>To obtain a qualification certificate, natural and legal persons must comply with the requirements set forth in Law No. 200. Foreign natural persons must possess identification of residence and legal address in the country and foreign legal persons must comply with the provisions of the Code of Commerce of the Republic of Nicaragua.</p> <p>The public telecommunications networks include the public telecommunications infrastructure which allows telecommunications</p>
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	<p>between defined network termination points. The public telecommunications networks do not include the telecommunications equipment of users, nor telecommunications networks located beyond the completion point of the network.</p> <p>The authorization of certificates for frequency bands for the cellular telephone service will be granted by TELCOR through public tender process. TELCOR will conduct public tenders for licenses for the allocation of radio-electric spectrum when the number of requests for a specific market segment of spectrum exceeds the availability of radio frequencies that are required to meet all the requests.</p> <p>When in foreign countries there are no competitive conditions for the provision of international services, TELCOR may establish requirements of proportionality, interconnection points and non-discrimination for the reception of incoming traffic from the different operators. Authorized Operators shall submit and maintain updated for TELCOR the records of each node or switching center belonging to the operators with which they establish contract(s) to provide transport for international long-distance (ILD) call services. In order to maintain registered and updated international routing paths, operators providing international long distance (ILD) call services that establish interconnection agreements with foreign operators shall notify and submit to TELCOR a copy of the interconnection contract signed between the parties.</p>
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<b>15. Sector:</b>	Electricity Distribution
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 839, Law of Reforms and Additions to Law No. 272, "Electricity Industry Law", Law No. 554, "Energy Stability Law", Reforms to Law No. 661, "Law for the Distribution and Responsible Use of Electricity Service" and to Law No. 641, "Criminal Code" (Ley No. 839, <i>Ley de Reformas y Adiciones a la Ley No. 272, "Ley de la Industria Eléctrica"</i>, a la Ley No. 554, "<i>Ley de Estabilidad Energética</i>", de Reformas a la Ley No. 661, "<i>Ley para la distribución y el uso responsable del servicio público de energía eléctrica</i>" y a la Ley No. 641, "<i>Código Penal</i>"), published in <i>La Gaceta</i> No. 113 of June 19, 2013.</p> <p>Law No. 272, Electricity Industry Law (Ley No. 272 <i>Ley de la Industria Eléctrica</i>), published in <i>La Gaceta</i> No.74 of April 23, 1998 and its reforms.</p> <p>Legal Digest of the Energy Sector, 2011 (<i>Digesto Jurídico del Sector Energético 2011</i>), published in <i>La Gaceta</i> No. 176 of September 17, 2012.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>To participate in the distribution of electricity, a company must be organized under the laws of Nicaragua.</p> <p>Power distributors will not be able to generate and/or transmit power, except for the following cases:</p> <ol style="list-style-type: none"> <li>1. in case of distribution services provided to isolated system; or</li> <li>2. if self-generation capacity is lower or equal to 10,000 kW, being connected to the National Interconnected System (SIN).</li> </ol>



<b>16. Sector:</b>	Electric Power- Power Generation from Hydropower Projects over 30 MW
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 620, General Law of National Waters (Ley No. 620, <i>Ley General de Aguas Nacionales</i>), published in <i>La Gaceta</i> No. 150 and No. 151 of August 9 and 10, 2010.</p> <p>Decree No. 44-2010, Regulation of Law No. 620, General Law of National Waters, (Decreto 44-2010, <i>Reglamento a la Ley No. 620, Ley General de Aguas Nacionales</i>), published in <i>La Gaceta</i> No. 150 of August 9, 2010.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Hydroelectric plants with installed capacity over 30 MW or with reservoir at its maximum operating level with an area over 25 square kilometers require a Special and Specific Law for each project.</p>

<b>17. Sector:</b>	Energy – Geothermal Energy Generation
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Political Constitution of the Republic of Nicaragua, and its reforms ( <i>Constitución Política de la República de Nicaragua y sus reformas</i> ), published in <i>La Gaceta</i> 32 of February 18, 2014.  Law No. 443, Law of Geothermal Resource Exploration and Exploitation and its reforms ( <i>Ley No. 443, Ley de Exploración y Explotación de Recursos Geotérmicos y sus reformas</i> ), published in <i>La Gaceta</i> No.222 of November 21, 2002.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Natural or legal person may perform preliminary research on exploration or exploitation of geothermal resources with participation of ENEL (“Empresa Nicaragüense de Electricidad” – Nicaraguan Electricity Company) after the authorization of MEM (“Ministerio de Energía y Minas”- the Ministry of Energy and Mines).’  The participation of ENEL in the exploration and exploitation of geothermal resources, designated as national heritages in accordance with the Constitution of the Republic of Nicaragua, entails obtaining at no cost, at least ten percent of the shareholding of the requesting company.

<b>18. Sector:</b>	Services Incidental to Mining – Hydrocarbons
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Political Constitution of the Republic of Nicaragua, and its reforms (<i>Constitución Política de la República de Nicaragua y sus reformas</i>), published in <i>La Gaceta</i> 32 of February 18, 2014.</p> <p>Law No. 286, Special Law for Exploration and Exploitation of Hydrocarbons (<i>Ley No. 286, Ley Especial de Exploración y Explotación de Hidrocarburos</i>), published in <i>La Gaceta</i> No. 109 of June 12, 1998 and its reforms.</p> <p>Law No. 883, Organic Law of the Nicaragua Oil Company (PETRONIC), with its reforms incorporated (<i>Ley No. 883, Ley Orgánica de la Empresa Nicaragüense de Petróleos (PETRONIC), con sus reformas incorporadas</i>), published in <i>La Gaceta</i> No. 239 of December 17, 2014.</p> <p>Decree No. 43-98, Regulation to the Special Law for Exploration and Exploitation of Hydrocarbons (<i>Decreto No. 43-98, Reglamento a la Ley Especial de Exploración y Explotación de Hidrocarburos</i>), published in <i>La Gaceta</i> No. 117 of June 24, 1998 and its reforms and additions.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>A hydrocarbons exploration and analysis service providing company shall be organized under the laws of Nicaragua. In addition, the company shall appoint and maintain a legal representative with enough power of attorney to make the company fulfill its obligations and with a permanent address in Nicaragua.</p> <p>Foreigners wishing to undertake research studies of hydrocarbons, such as geological, geophysical, topographic mapping, seismic work or geochemical studies, shall appoint a legal representative with a permanent address in Nicaragua.</p> <p>The Contractor shall give preference to national subcontractors to carry out specialized services, as long as national subcontractors are available at the moment the work is required, at competitive cost,</p>

and have the technical capacity, equipment and expertise to perform the work according to the contractor's requirements.

Provided that they are not available in the country or when the existing ones do not meet the technical specifications of quality, cost and timeliness, the contractor and sub-contractor may purchase goods, materials and equipment and hire services abroad.

The hydrocarbon deposits in its natural state are part of the national heritage. Its domain is the responsibility of the State, wherever it is located in the territory of the Republic. The State represented by the Nicaraguan Oil Company (*Empresa Nicaragüense de Petróleos - PETRONIC*), will participate in the activities provided for in Law No 879, without cost nor risk.

In the activities of surface survey, exploration and exploitation of hydrocarbons produced in the country, as well as the transport, storage and marketing, PETRONIC, as the executing agency, shall participate in any petition linked to the development, exploration and exploitation of hydrocarbons resources which are regulated under the law. For this purpose, natural or legal persons submitting a request shall first conclude the agreements on the participation of PETRONIC, in their applications to the Ministry of Energy and Mines (*Ministerio de Energía y Minas - MEM*), endorsing the models of cooperation and/or alliance with companies interested in obtaining permits or concluding contracts under Law No.286.

The State, represented by PETRONIC, does not assume risk, debt, or liability of any kind. These shall be assumed by the contractor, in accordance with the terms and conditions established in article 25 of Law No.286.

The participation of PETRONIC in the activities of surface survey, exploration and exploitation of hydrocarbons produced in the country, as well as their transport, storage and marketing, entitles PETRONIC to a position on the Contractor's Board of Directors.

Those interested in obtaining a permit, shall submit to the Directorate General of hydrocarbons of MEM, the instrument stating the participation of PETRONIC.

Upon the termination of the contract, the contractor shall return property delivered by the State represented by PETRONIC at no

	<p>cost, such as land and permanent works and installations.</p> <p>PETRONIC will aim to carry out exploration, exploitation and commercialization of hydrocarbons and other related activities. In consequence, it can participate in the constitution and creation of companies and/or alliances that invest in exploration, exploitation, marketing, storage, transport and distribution of hydrocarbons, including the LPG, refining of crude oil, construction and/or operation of filling plants or packing of LPG cylinders. The companies could be national, regional or international, public, private or mixed, and could associate and/or create alliances with existing ones for these same purposes, in accordance with the relevant laws.</p>
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<b>19. Sector:</b>	Services Incidental to Mining – Metallic and Non-Metallic Minerals, Electricity and Water
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Decree No. 57-2006, Reforms and Additions to the Decree No. 119-2001, Regulation of the Law No. 387, Special Law on Exploration and Exploitation of Mines (Decreto No. 57-2006, <i>Reformas y Adiciones al Decreto No. 119-2001, Reglamento de la Ley No. 387, Ley Especial sobre Exploración y Explotación de Minas</i>), published in <i>La Gaceta</i> No. 170 of August 31, 2006.</p> <p>Decree No. 119-2001, Regulation of the Law No. 387, Special Law on Exploration and Exploitation of Mines (Decreto No. 119 –2001, <i>Reglamento de la Ley No. 387, Ley Especial de Exploración y Explotación de Minas</i>), published in <i>La Gaceta</i> No. 4 of January 7, 2002.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The foreign companies, and natural and legal persons not resident in the country, must appoint a legal representative with sufficient authority to acquire rights and contract obligations on behalf of his client, and to enroll the companies in the appropriate register and to have them established, so that they can be granted a mining concession for phases of exploration and exploitation of the resource.</p>

<b>20. Sector:</b>	Fisheries and Aquaculture
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 489, Law relating to Fisheries and Aquaculture, (Ley No. 489, <i>Ley de Pesca y Acuicultura</i>), published in <i>La Gaceta</i> No. 251 of December 27, 2004 and its reforms.</p> <p>Decree No. 30-2008, Reforms to Decree No. 09-2005, Regulation to Law No. 489, Law relating to Fisheries and Aquaculture (Decreto No. 30-2008, <i>Reforma al Decreto No. 09-2005, Reglamento a la Ley No. 489, Ley de Pesca y Acuicultura</i>), published in <i>La Gaceta</i> No. 130 of July 9, 2008.</p> <p>Decree No. 009-2005 Regulation to Law No. 489, relating to Fisheries and Aquaculture (Decreto No. 009-2005, <i>Reglamento a la Ley No. 489, Ley de Pesca y Acuicultura</i>), published in <i>La Gaceta</i> No. 40 of February 25, 2005.</p> <p>Decree No. 40-2005, Special Provisions for fishing of highly migratory tuna and related species (Decreto No. 40-2005, <i>Disposiciones Especiales para la pesca de Túnidos y especies afines altamente migratorias</i>), published in <i>La Gaceta</i> No. 117 of June 17, 2005.</p> <p>NTON 03-045-03, Nicaraguan Obligatory Technical Standard on Methods and Arts of Fishery and its Annexes (NTON 03-045-03, <i>Norma Técnica Obligatoria Nicaragüense Métodos y Artes de Pesca y sus Anexos</i>), published in <i>La Gaceta</i> No. 231 and 236 of December 2 and 10, 2010.</p> <p>Ministerial Agreement No. 014 -2001, Administrative Provisions for the Processing of Requests for Obtaining Rights for the Use of Natural Resources in the State Domain (Acuerdo Ministerial No. 014 – 2001, <i>Disposiciones Administrativas para la Tramitación de Solicitudes de Obtención de Derechos para el Aprovechamiento de Recursos Naturales del Dominio del Estado</i>), published in <i>La Gaceta</i> No. 98 of May 25, 2001.</p> <p>Executive Agreement-PA-No.005/2013 (Acuerdo Ejecutivo-PA-No.005/2013), published in <i>La Gaceta</i> No. 81 of May 6, 2013).</p>

	<p>Executive Resolution PA-No.006-2014, Measures and mechanisms of fisheries management for the collection and mobile marketing of hydrobiological resources (Resolución Ejecutiva PA-No.006-2014, Medidas y mecanismos de ordenación pesquera para el acopio y comercialización móvil de recursos hidrobiológicos), published in <i>La Gaceta</i> No. 123 of July 3, 2014.</p>
<p><b>Description:</b></p>	<p><u>Investment</u></p> <p>In order to obtain a commercial fishing license, it is required to be constituted as a Nicaraguan legal person and to be duly registered in the Public Mercantile Registry (<i>Registro Público Mercantil</i>) as well as to appoint a legal representative with permanent residency in Nicaragua and a known address.</p> <p>The use of fishery resources by vessels with a foreign flag shall be supplementary to that carried out by the national fleet and will be subject to the regulations established in the relevant law and to the conditions and limitations established in international agreements and treaties ratified by Nicaragua.</p> <p>Artisanal or small scale fishing is reserved exclusively for nationals of Nicaragua.</p> <p>All fishery and aquaculture production for export purposes must be processed in plants duly authorized and installed in the national territory, in compliance with the specific regulations and provisions to each hydro biological resource.</p> <p>The 90 percent of on board personnel and 100 percent of ships captains must be Nicaraguans.</p> <p>No licenses or fishing permits will be granted to foreign flag vessels for fisheries subject to limited access regime, except those which have been granted on the date of entry into force of the Law 489. Resources declared in full exploitation under the regime of limited access are: the resource spiny lobster in the Caribbean Sea and the coastal shrimp resource of the family Peneidos in the Caribbean Sea and the Pacific Ocean and those that the Nicaraguan Institute of Fishery (INPESCA) subsequently declares.</p> <p>The special license for fishing of tunas and highly migratory tuna-like species may be granted to national flag vessels or foreign flag vessels that have been chartered or leased with or without option to purchase wherein Nicaraguan natural or legal persons participate; or</p>



	<p>to national companies with foreign participation.</p> <p>Foreign flag vessels may only be authorized by the competent authority to perform scientific and sport fishing or commercial fishing of open-access resources. But, in no case, they may be authorized to perform commercial fishing of limited access resources, without prejudice to the licenses already granted.</p> <p>For the gradual recruitment of Nicaraguan personnel, National Labor Law will be applied, in ships or vessels wherein the majority of crew members are foreigners, because the personnel replacement is in process. In such case, the license holder shall carry out capacity building or training program for the (newly hired) Nicaraguan personnel.</p>
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<b>21. Sector:</b>	All Sectors
<b>Subsector:</b>	Consumer, credit unions, agriculture, production, labor, housing, fisheries, public services, culture, education, and youth cooperatives and other sorts of cooperatives for the benefit of the population.
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 499 General Law on Cooperatives (<i>Ley No. 499 Ley General de Cooperativas</i>), published in <i>La Gaceta</i> No. 17 of January 25, 2005.</p> <p>Law No. 84, Law of Farming and Agroindustrial Cooperatives, (<i>Ley No. 84, Ley de Cooperativas Agropecuarias y Agroindustriales</i>), published in <i>La Gaceta</i> No. 62 of March 28, 1990.</p> <p>Decree No. 16-2005, Regulation of Law No. 499, General Law on Cooperatives, (<i>Decreto No. 16-2005 Reglamento de la Ley No. 499, Ley General de Cooperativas</i>), published in <i>La Gaceta</i> No. 55 of March 18, 2005.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>The proportion of foreign national partners may not exceed 10 percent of the total, at the moment of the establishment of a Cooperative in Nicaragua.</p> <p>Foreign nationals shall be authorized by the migration authorities as residents in the country in order to become members of a cooperative of Nicaragua.</p> <p>The proportion of foreign national partners may not exceed 25% of the total, at the moment of establishment of a Nicaraguan Farming Cooperative and those foreign nationals shall be duly authorized.</p>

<b>22. Sector:</b>	Land Transportation
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 524, General Law of Land Transportation (Ley No. 524, <i>Ley General de Transporte Terrestre</i> ), published in <i>La Gaceta</i> No. 72 of April 14, 2005 and its reforms.  Decree No. 42-2005, Regulation of Law No. 524, General Law of Land Transportation (Decreto No. 42-2005, <i>Reglamento a la Ley No. 524, Ley General de Transporte Terrestre</i> ), published in <i>La Gaceta</i> No. 113 of June 16, 2005, its reforms and additions.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  The transfer of any type of cargo within the national territory shall be carried out only by Nicaraguan carriers. The Ministry of Transport and Infrastructure ( <i>Ministerio de Transporte e Infraestructura</i> , MTI) may authorize exceptionally and temporarily the provision of this service for specialized cargo to vehicles with foreign plate, provided that the company owner of the cargo is based in Nicaragua and preserving the principle of reciprocity.  Foreign companies of international cargo to be established in the country must comply with the following special requirements:  1. at least 51 percent of its capital belongs to Nicaraguan people.  2. the control and management of the company are in the hands of Nicaraguans.  The local cargo may only be carried out by national carriers, with the State of Nicaragua and its authorities reserving the right to authorize the owners of motor vehicles coming from the SIECA (Central American Economic Integration Subsystem) subscribing countries, provided that the principle of reciprocity applies to Nicaraguan nationals in countries of origin.  In the case of the cargo for export to countries outside of the Central American region and its transfer to the transient ports, its local and national transit shall be carried out by national carriers, maintaining the principle of reciprocity and the provisions established by the Central American Economic Integration Subsystem.

	<p>The cargo admitted to the national tax warehouses can only be moved to any point in the national territory by national carriers.</p> <p>Only Nicaraguan people can provide public transport services in the interior of Nicaragua.</p>
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<b>23. Sector:</b>	Maritime transportation
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 399, Law on Water Transport (<i>Ley No. 399, Ley de Transporte Acuático</i>), published in <i>La Gaceta</i> No. 166 of September 3, 2001.</p> <p>Decree No. 15-49, Regulatory Law for the Pilotage Service (<i>Decreto No. 15-49, Ley Reguladora para el Servicio de Practicaje</i>), published in <i>La Gaceta</i> No. 4 of January 5, 1985.</p> <p>Ministerial Agreement No. 66-2007, Rules for the authorization of enterprises, companies and cooperatives that provide cargo stowage and unloading services in national ports (<i>Acuerdo Ministerial No. 66-2007, Normas para la habilitación de empresas, compañías y cooperativas prestatarias del servicio de estiba y desestiba de carga en los puertos nacionales</i>), published in <i>La Gaceta</i> No. 2 of January 3, 2008.</p> <p>Resolution DGTA No. 021-2014 (<i>Resolución DGTA No. 021-2014</i>), published in <i>La Gaceta</i> No. 121 of July 1, 2014.</p> <p>Resolution DGTA No. 004-2014 (<i>Resolución DGTA No. 004-2014</i>), published in <i>La Gaceta</i> No. 35 of February 21, 2014.</p> <p>Resolution DGTA No. 030-2009 (<i>Resolución DGTA No 030-2009</i>), published in <i>La Gaceta</i>, No. 63 of April 2, 2014.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>To operate as a Nicaraguan ship-owner or shipping company, a natural person must be a national of Nicaragua and a company has to be organized under the laws of Nicaragua.</p> <p>To operate as a shipping agent, general shipping agent or shipping consignment agent, it is required for a natural person to be Nicaraguan national, and a company needs to be organized under the laws of Nicaragua.</p> <p>Only national of Nicaragua or a company established in Nicaragua can obtain a route concession to engage in maritime transport.</p>

	<p>The operation and use of vessels in internal traffic and cabotage for commercial purposes is reserved to national flag vessels and may be exploited by national ship-owners. However, in conditions of reciprocity, national ship-owners may use vessels with flag of any other Central American country.</p> <p>Only the Nicaraguan national may be appointed as official pilots of any port in Nicaragua.</p> <p>The enterprises, companies or cooperatives intending to provide cargo loading and unloading services in national ports, to be enabled and registered as such shall comply with the following:</p> <ol style="list-style-type: none"> <li>1. To be established according to the laws of the Republic of Nicaragua, and in case of joint-stock company, the stocks shall be nominative and all registered in the competent Public Registry or in the Ministry of Labor (<i>Ministerio del Trabajo</i>), depending on the case;</li> <li>2. To have its domicile in Nicaragua;</li> <li>3. To have a permanent office with adequate human resources and skilled technicians for the proper functioning of the enterprise, company or cooperative of loading and unloading at each port where is going to operate. For the verification of this requirement, it must submit documentary evidence of ownership or lease of the premises of office and appointments or contracts of employment of the staff;</li> <li>4. Not to be General Shipping Agent, nor consignee agent of ships, nor customs agent.</li> </ol> <p>The authorization of new stevedoring companies is subject to the overcoming of cargo volumes that have historically handled each of the National Ports, the operational capacity of the port facilities and the operational capacity of the existing stevedoring companies. The approval or disapproval of the operation of new companies in the ports of the country is under the power of the Approval Committee.</p> <p>The boat service can only be provided by the one who possesses operating license, issued by the General Directorate of Aquatic Transport (<i>Dirección General de Transporte Acuático, - DGTA</i>) for that purpose.</p> <p>An operating license granted by General Directorate of Aquatic Transport is required to provide the certification service of port</p>
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	<p>machinery and equipment.</p> <p>Any natural or legal person engaged in maritime activities that seeks to provide a professional service or an activity defined in article 3 of the Law No. 399 Law of Aquatic Transport, must comply with in addition to the requirements laid down in the formal procedures (documents of requirements) set out for each activity, the parameters set out in the Resolution DGTA No. 030-2009.</p>
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<b>24. Sector:</b>	All sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 800, Law on The Nicaraguan Interoceanic Grand Canal Legal Regime and on the creation of The Nicaraguan Interoceanic Grand Canal Authority (Ley No. 800, <i>Ley del Régimen Jurídico de el Gran Canal Interoceánico de Nicaragua y de creación de la Autoridad de el Gran Canal Interoceánico de Nicaragua</i>), published in <i>La Gaceta</i> No.128 of July 9, 2012.</p> <p>Law No. 840, Special Law for the Development of Infrastructure and Transportation relating to the Nicaraguan Canal, Free Trade Zone and Associated Infrastructures", (Ley No. 840, <i>Ley Especial para el Desarrollo de Infraestructura y Transporte Nicaragüense Atingente a El Canal, Zonas de Libre Comercio e Infraestructuras Asociadas</i>), published in <i>La Gaceta</i> No. 110 of June 14, 2013.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>The Authority of the Grand Canal of Nicaragua will determine the economic activities that can be performed in the special economic zone, as well as the regulations applicable to each of these activities, in coordination with the competent authorities of the State.</p> <p>Nicaragua grants exclusive concession to <i>Empresa Desarrolladora de Grandes Infraestructuras, S.A.</i> (Large Infrastructure Developing Company, Inc) and its concessionaires to develop and operate each of sub-projects included in the <i>El Gran Canal Interoceánico de Nicaragua</i> Project according to the Framework Agreement of Concession for a term of 50 years from the beginning of the commercial operations, subject to the expansions considered in the Framework Agreement of Concession and, for each case, extensible to an additional period of 50 years, that will start immediately after the due date of the original term.</p>



<b>25. Sector:</b>	Transport - Air Transport
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3) National Treatment (Articles 9.3 and 10.2) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 595, Civil Aeronautics General Law (Ley No. 595, <i>Ley General de Aeronáutica Civil</i> ), published in <i>La Gaceta</i> No. 193 of October 5, 2006.
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>To be an aircraft owner registered in Nicaragua, it requires:</p> <ol style="list-style-type: none"> <li>1. to be a natural or legal person of Nicaragua; <p style="margin-left: 40px;">If there are several co-owners, the majority whose rights exceed half the value of the aircraft must preserve their domicile in Nicaragua; or</p> <p style="margin-left: 40px;">If it is a legal person, partnership or association, it is required to be incorporated under the laws of the Republic of Nicaragua or have legal domicile in Nicaragua;</p> </li> <li>2. to be foreign natural person with a permanent address in Nicaragua; or</li> <li>3. to be foreign person not domiciled in Nicaragua, as long as there is a credit purchases-and-sales contract or leasing with or without option to purchase. The registration and the enrollment are provisional.</li> </ol>

<b>26. Sector:</b>	Transport - Air Transport
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 595, Civil Aeronautics General Law (Ley No. 595, <i>Ley General de Aeronáutica Civil</i> ), published in <i>La Gaceta</i> No. 193 of October 5, 2006.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>To own an aircraft with a Nicaraguan registration which provides complementary services for air transportation it is required to be natural or legal person of Nicaragua.</p> <p>To perform aerial works in any of their specialties, the natural persons or enterprises must obtain prior authorization from the Aviation Authority and comply with the applicable provisions, the technical regulations and inter alia, the following requirements:</p> <ol style="list-style-type: none"> <li>1. To possess technical and economic capacity according to the specialty concerned; and</li> <li>2. To operate with an aircraft of Nicaraguan enrolment.</li> </ol> <p>The aeronautical authority may dispense the compliance of Nicaraguan nationality of the owner and of the aircraft when, in the country, there are no companies or aircraft with the capacity of conducting a particular specialty of aerial work.</p>

<b>27. Sector:</b>	Professional Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decree No. 132, Law of Incorporation of Professionals in Nicaragua, (Decreto No. 132, <i>Ley de Incorporación de Profesionales en Nicaragua</i> ), published in <i>La Gaceta</i> No. 47 of November 2, 1979.  Decree A.N. No. 7539, Decree of Approval of the "Convention on the Exercise of University Professions and Recognition of University Studies" (Decreto A.N. 7539, Decreto de Aprobación del " <i>Convenio sobre el Ejercicio de Profesiones Universitarias y Reconocimiento de Estudios Universitarios</i> "), published in <i>La Gaceta</i> No. 131 of July 15, 2014.
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  Foreign professionals may practice in Nicaragua in a form and subject to the same conditions that are permitted for Nicaraguans in the country of origin of such professionals.  Nicaragua agrees that, if the jurisdiction in a foreign country allows the Nicaraguan nationals to apply and receive the licenses or certificates necessary to perform a profession in such jurisdiction, a foreign national with a license or a certificate to perform a profession in such jurisdiction shall also be allowed to apply for and receive a license or certificate necessary to perform in Nicaragua.  Additionally, the relevant professional association in Nicaragua will recognize a license granted by a foreign jurisdiction and will allow the license holder of that license to join an association and perform the profession in Nicaragua based on the foreign license, in the following cases:  a. no academic institution in Nicaragua offers a study program that would allow the exercise of the profession in Nicaragua;  b. the license holder is a recognized expert in his profession; or  c. allowing the professional to perform in Nicaragua will, through training, demonstration or other similar opportunity, further the development of the profession in Nicaragua.

	<p>The Central American nationals by birth who have obtained a Professional Degree or an equivalent Academic Diploma, in one of the Central American countries that legally enable them to practice a university profession, will be admitted to practice such activities in Nicaragua, provided that the professional complies with the same requirements and formalities required for Nicaraguan university graduates. This provision shall apply while the person concerned retains the nationality of one of the countries of Central America.</p>
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<b>28. Sector:</b>	Services of Public Accounting and Auditing Rendered to Companies
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 6, Law for the Exercise of Public Accountancy (Ley No. 6, <i>Ley para el Ejercicio de Contador Público</i>), published in <i>La Gaceta</i> No. 94 of April 30, 1959.</p> <p>Law No. 561, General Law of Banks, Non-Banking Financial Institutions and Financial Groups (Ley No. 561, <i>Ley General de Bancos, Instituciones Financieras No Bancarias, y Grupos Financieros</i>), published in <i>La Gaceta</i> No. 232 of November 30, 2005.</p> <p>Law No. 587, Capital Markets Law (Ley No. 587, <i>Ley de Mercado de Capitales</i>), published in <i>La Gaceta</i> No. 222, of November 15, 2006.</p> <p>Law No. 733, General Law for Insurance, Reinsurance, and Bonds (Ley No. 733, <i>Ley General de Seguros, Reaseguros y Fianzas</i>), published in <i>La Gaceta</i> No. 162, 163 and 164, of August 25, 26 and 27, 2010.</p> <p>Law No. 734, Law on General Deposits Warehouses (Ley No. 734, <i>Ley de Almacenes Generales de Depósitos</i>), published in <i>La Gaceta</i> No. 201 and 202 of October 21 and 22, 2010.</p> <p>Resolution No. CD-SIBOIF-739-1-AGOS2-2012, External Audit Standard (Resolución CD-SIBOIF-739-1-AGOS2-2012: <i>Norma sobre Auditoría Externa</i>), published in <i>La Gaceta</i> No. 211 of November 5, 2012.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The firms and foreign associations of Public Accountants, Auditors and Accountants either as individuals or companies shall not be entitled to exercise the profession in the Nicaraguan territory, nor any related activity, unless they do it through a firm or association of Nicaraguan Certified Public Accountants, or through a foreign firm with residence or domicile in the country.</p> <p>To provide external audit service to financial institutions regulated by the Superintendency of Banks and Other Financial Institutions</p>

	<p>(<i>Superintendencia de Bancos y otras Instituciones Financieras</i>), audit firms must be registered in the Register of External Auditors of the Superintendency.</p>
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<b>29. Sector:</b>	Professional Services - Notaries
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 260, Organic Law of the Judicial Branch of the Republic of Nicaragua and its reforms (<i>Ley No. 260, Ley Orgánica del Poder Judicial de la República de Nicaragua y sus reformas</i>), published in <i>La Gaceta</i> No. 137 of July 23, 1998.</p> <p>Decree No. 63-99, Regulation of Law No. 260, Organic Law of the Judicial Branch of the Republic of Nicaragua and its reforms (<i>Decreto No. 63-99, Reglamento a la Ley No. 260, Ley Orgánica del Poder Judicial de la República de Nicaragua y sus reformas</i>), published in <i>La Gaceta</i> No. 104 of June 2, 1999.</p> <p>Decree No. 132, Law of Incorporation of Professionals in Nicaragua, (<i>Decreto No. 132, Ley de Incorporación de Profesionales en Nicaragua</i>), published in <i>La Gaceta</i> No. 47 of November 2, 1979.</p> <p>Law of the Notary, Annex to the Civil Procedure Code of Nicaragua. (<i>Ley del Notariado, Anexo al Código Procedimiento Civil de Nicaragua</i>).</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Public notaries must be Nicaraguan nationals by birth authorized by the Supreme Court of Justice in order to practice their profession.</p> <p>Central American nationals by birth can also be authorized to exercise as public notaries in the Republic after residing at least for five years in Nicaragua, provided that they are allowed to exercise as public notaries in their own countries, and that Nicaraguans are authorized to exercise as public notaries in their respective countries.</p>

<b>30. Sector:</b>	Customs Brokers
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Central American Uniform Customs Code (<i>Código Aduanero Uniforme Centroamericano</i>), published in <i>La Gaceta</i> No. 41 of February 18, 1966.</p> <p>Resolution No. 24-2008, Regulation of the Central American Uniform Customs Code (<i>Resolución No. 24-2008, Reglamento del Código Aduanero Uniforme Centroamericano</i>), published in <i>La Gaceta</i> No. 136, 137, 138, 139, 140, 141 and 142 of July 17, 18, 21, 22, 23, 24 and 25, 2008.</p> <p>Law No. 265 Law Establishing Auto-Dispatch for Importation, Exportation and other Regimes (<i>Ley No. 265, Ley que establece el Auto despacho para la Importación, Exportación y otros Regímenes</i>), published in <i>La Gaceta</i> No. 219 of November 17, 1997.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only the following people can become a customs broker and get the license issued by the Ministry of Finance and Public Credit:</p> <ol style="list-style-type: none"> <li>a) Nicaraguan nationals who are in full exercise of their rights;</li> <li>b) Central Americans with academic bachelor's degree in customs matters or other disciplines of study as long as they prove at least 2 years of experience in customs matters; or</li> <li>c) Foreign nationals from a country that permits Nicaraguan nationals to serve as customs brokers.</li> </ol> <p>An enterprise operating as a customs broker in Nicaragua must be organized under Nicaraguan law and at least one official of the customs enterprise must have a valid license.</p>



<b>31. Sector:</b>	Scientific research services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decree No 316, General Law on the Exploitation of our Natural Riches (Decreto No. 316, <i>Ley General sobre Explotación de Nuestras Riquezas Naturales</i> ), published in <i>La Gaceta</i> No. 83 of April 17, 1958.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Non-resident foreign nationals or their agents, although they are resident in Nicaragua, wishing to carry out an investigation, will be required a permit of recognition.</p> <p>The recognition permit only authorizes the execution of preliminary research in order to verify the existence of natural resources. They cannot carry out works or actions for which only the holder of an operating license or an exploration or exploitation concession is entitled.</p> <p>All concessioner or foreign license holder has the obligation to maintain in Nicaragua a representative with sufficient authority, at all times.</p>

<b>32. Sector:</b>	Free Zones Regime and Inward Processing Regime
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 917, Law on Free Trade Export Zones (<i>Ley No. 917, Ley de Zonas Francas de Exportación</i>), published in <i>La Gaceta</i> No. 196 of October 16, 2015.</p> <p>Law No. 382, Law on Temporary Admission for Inward Processing and Facilitation of Exports (<i>Ley 382, Ley de Admisión Temporal para Perfeccionamiento Activo y de Facilitación de las Exportaciones</i>), published in <i>La Gaceta</i> No. 70 of April 16, 2001.</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>The free zone operators correspond to the free zones of private domain, which must be owned and managed by a company formed as a corporation in accordance with Nicaraguan law, which shall have sole purpose of administering the Zone. This company, besides being responsible for the administration of the Zone shall facilitate the proper operation of companies that operate there, according to the terms established by law.</p> <p>A user company of a Free Trade Zone (FTZ) is any business, industrial or service establishment authorized to operate within a Zone by the National Commission of Free Zones (<i>Comisión Nacional de Zonas Francas</i>). All FTZ user companies should be established as corporations in accordance with Nicaraguan law; and it shall have as a sole object the operation of business within the FTZ. Foreign companies may be established as corporations through subsidiaries or branches, in accordance with the procedure established in the Commercial Code of Republic of Nicaragua (<i>Código de Comercio de la República de Nicaragua</i>).</p> <p>Companies wishing to establish and operate in a FTZ must submit application to the National Commission of Free Zones, The Commission will issue its decision taking into account mainly the country's economic policy and the appropriateness of business operations of the applicant, all in accordance with the provisions of the act and regulations.</p> <p>In accordance with the provisions of the Law, those companies engaged in production and export of goods or services are eligible to operate in a Free Zone. The companies can be national or foreign.</p>

	<p>In case of Temporary Admission for Inward Processing, those companies exporting at least twenty-five percent (25%) of its total sales and with an export value of not less than fifty thousand Central American pesos (CA \$50,000.00) per year, may be eligible to prior suspension of duties and taxes, according to procedures established by the Law and its Regulations.</p>
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<b>33. Sector:</b>	Real Estate Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 602, Law of Real Estate Brokerage of Nicaragua (Ley No. 602, <i>Ley de Correduría de Bienes Raíces de Nicaragua</i>), published in <i>La Gaceta</i> No. 132 of July 12, 2007.</p> <p>Decree No. 94-2007, Regulation of Law No. 602, Law of Real Estate Brokerage of Nicaragua (Decreto No. 94-2007, <i>Reglamento de la Ley No. 602, Ley de Correduría de Bienes Raíces de Nicaragua</i>), published in <i>La Gaceta</i> No. 231 of November 30, 2007.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>People applying for a real estate broker license shall be Nicaraguan citizens, or foreign nationals with legal permanent residence in Nicaragua that hold the pertinent residence permit/card, without work restrictions.</p> <p>The Societies of Real Estate Brokerage will exercise its work through authorized brokers and agents, and they(The Societies) shall be established in accordance with the country's laws.</p> <p>In case of international real estate brokerage firms, in order for them to exercise this activity in Nicaraguan territory, they must be represented by a (Nicaraguan) national natural or legal person of real estate brokerage, who will be the one authorized to represent the international firm and to exercise the brokerage of real estate within/in the country.</p>

<b>34. Sector:</b>	Potable Water, Sanitary Sewer Systems, and Sewage Collection and Disposal.
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 620, General Law of National Waters (<i>Ley No. 620, Ley General de Aguas Nacionales</i>), published in <i>La Gaceta</i> No. 169 of September 4, 2007.</p> <p>Law No. 276, Law for the creation of the Nicaraguan Enterprise of Aqueducts and Sewage - ENACAL (<i>Ley No. 276: Ley de Creación de la Empresa Nicaragüense de Acueductos y Alcantarillados Sanitarios - ENACAL</i>), published in <i>La Gaceta</i> No. 12 of January 20, 1998 and its reforms.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The establishment, construction, and development of public works for the supply and distribution of drinking water, and collecting and disposing of wastewater, may only be performed by the Nicaraguan Enterprise of Aqueducts and Sewage (<i>Empresa Nicaragüense de Acueductos y Alcantarillados Sanitarios - ENACAL</i>).</p> <p>ENACAL is the State entity responsible for providing potable water and collecting and disposing of wastewater, and has the following functions:</p> <ol style="list-style-type: none"> <li>a) to catch, treat, conduct, store, distribute, and sell potable water; and to gather, treat and finally dispose of liquid waste;</li> <li>b) to purchase natural water, purchase and sell potable water, as well as to commercialize the services of collection, treatment and final disposal of wastewater;</li> <li>c) to take all necessary measures so that the release of treated wastewater minimizes the environmental impact;</li> <li>d) to develop the Company's Expansion Plan for the short, medium and long terms;</li> <li>e) to research, explore, develop, and exploit the water resources; and</li> <li>f) to carry out any other activity required for its development.</li> </ol>

<b>35. Sector:</b>	Airports
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decree No. 1292, Law on the International Airport Administration Company (Decreto No. 1292, <i>Ley de la Empresa Administradora de Aeropuertos Internacionales</i> ), published in <i>La Gaceta</i> No. 186 of August 16, 1983 and its reforms.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The establishment, operation, administration, execution of works and provision of services in international airports correspond to the responsibility of the International Airports Administration Company (EAAI) (<i>Empresa Administradora de Aeropuertos Internacionales</i>).</p>

<b>36. Sector:</b>	Energy-Transmission
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 791, Reform to Law No. 788, Reform and Addition Law to Law No. 583, Founding Law of the National Electricity Transmission Company, ENATREL and reforms to Laws No. 272, Electricity Industry Law and No. 290 Law of Organization, Competence and Procedures of the Executive Government ( <i>Ley No. 791, Ley de Reforma a la Ley No. 788, Ley de Reforma y Adición a la Ley No. 583, Ley Creadora de la Empresa Nacional de Transmisión Eléctrica, ENATREL y de Reformas a las Leyes No. 272, Ley de la Industria Eléctrica y No. 290 Ley de Organización, Competencia y Procedimientos del Poder Ejecutivo</i> ), published in <i>La Gaceta</i> No. 60, on March 28, 2012.
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  Only the National Electricity Transmission Company ( <i>Empresa Nacional de Transmisión Eléctrica - ENATREL</i> ), decentralized public Company of the State, can provide electric power transmission services.

<b>37. Sector:</b>	Public Communications Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 758, General Law on Nicaraguan Post and Postal Services (Ley No. 758, <i>Ley General de Correos y Servicios Postales de Nicaragua</i> ), published in <i>La Gaceta</i> No. 96 and 97 of May 26 and 27, 2011.
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  The issuance, financing and commercialization of postage stamps, as well as the usage of franking machines and other analogous systems, is reserved to Nicaraguan Post Office, ( <i>Correos de Nicaragua</i> ).



<b>38. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decree No. 08-2013, General Regulation to the Law No. 801 Municipal Administrative Contracting Law (Decreto No. 08-2013, <i>Reglamento General a la Ley No. 801, Ley de Contrataciones Administrativas Municipales</i> ), published in <i>La Gaceta</i> No. 24 of February 7, 2013.
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  The Municipalities and Municipal Sector will promote the consumption of domestic goods and services, at the time of establishing the specifications concerning the object to be contracted.

<b>39. Sector:</b>	Telecommunications
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Political Constitution of the Republic of Nicaragua and its reforms (<i>Constitución Política de la República de Nicaragua y sus reformas</i>), published in <i>La Gaceta</i> No. 32 of February 18, 2014.</p> <p>Law No. 200, General Law of Telecommunications and Postal Services (<i>Ley No. 200, Ley General de Telecomunicaciones y Servicios Postales</i>), published in <i>La Gaceta</i> No. 154, of August 18, 1995, and its reforms.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The granting of concessions, licenses, permits or records for the provision of telecommunications services that require the use of radio electric spectrum, shall be subject to the availability of the spectrum and the policies regarding their use.</p> <p>Maritime and aeronautical telecommunications services shall be authorized, installed, operated and controlled by the National Army (<i>Ejército Nacional</i>) and the General Direction of Civil Aeronautic (<i>Dirección General de Aeronáutica Civil</i>).</p> <p>The representation of the State to the international telecommunications agencies corresponds to the Nicaraguan Institute of Telecommunications and Postal Services (<i>Instituto Nicaragüense de Telecomunicaciones y Correos - TELCOR</i>).</p> <p>For the purposes of national security: (a) In no case is permissible the establishment of systems that alter or affect the national communication systems. (b) The communication points for national defense purposes in the national territory shall be property of the State. (c) The radio spectrum and satellite are property of the Nicaraguan State and shall be regulated by the regulatory entity, the law shall regulate the matter.</p>

<b>40. Sector:</b>	Electricity Generation
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 272, Electrical Industry Law (Ley No. 272, <i>Ley de la Industria Eléctrica</i>), published in <i>La Gaceta</i> No. 74 of April 23, 1998 and its reforms and additions.</p> <p>Law No. 911, Law of Reforms to Law No. 554, Energy Stability Law and Law No. 898, Law of Variation Rate of the Electric Power to the Consumer (Ley No. 911, <i>Ley de Reformas a la Ley No. 554, Ley de Estabilidad Energética y a la Ley No. 898, Ley de Variación de la Tarifa de Energía Eléctrica al Consumidor</i>), published in <i>La Gaceta</i> No. 178 of September 22, 2015.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>To participate in the electricity generation segment, a company must be organized under the laws of Nicaragua.</p> <p>Economic agents, subsidiaries or shareholders engaged in electric power generation activities cannot be owners or partners of the facilities that serve for the transmission and/or distribution of electrical power, except for the Nicaraguan Electricity Company (<i>Empresa Nicaraguense de Electricidad ENEL</i>), which may exercise these activities only in non-concessioned areas.</p> <p>Generators may be owners of power lines or transmission equipment, needed to connect their plants to the National Interconnected System (<i>Sistema Interconectado Nacional, SIN</i>), which will be considered its secondary transmission system.</p> <p>New contracts of power generation from renewable sources shall be in accordance with the prices specified for each type of generation.</p>

<b>41. Sector:</b>	Natural Resources
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Political Constitution of the Republic of Nicaragua and its reforms (<i>Constitución Política de la República de Nicaragua y sus reformas</i>), published in <i>La Gaceta</i> No. 32 of February 18, 2014.</p> <p>Law No. 217, General Law of the Environment and Natural Resources, (Ley No. 217, <i>Ley General del Medio Ambiente y los Recursos Naturales</i>), published in <i>La Gaceta</i> No. 105 of June 6, 1996.</p> <p>Decree No. 316, General Law on the Exploitation of our Natural Riches. (Decreto No. 316, <i>Ley General sobre Explotación de Nuestras Riquezas Naturales</i>), published in <i>La Gaceta</i> No. 83 of April 17, 1958.</p> <p>Law No. 620, General Law of National Waters (Ley No. 620, <i>Ley General de Aguas Nacionales</i>), published in <i>La Gaceta</i> No. 169 of September 4, 2007.</p> <p>Law No. 749, Law of the Legal System of Frontiers (Ley No. 749, <i>Ley del Régimen Jurídico de Fronteras</i>), published in <i>La Gaceta</i> No. 244 of December 22, 2010.</p> <p>Law No. 462, Law of Conservation, Development and Sustainable Development of the Forestry Sector (Ley No. 462, <i>Ley de Conservación, Fomento y Desarrollo Sostenible del Sector Forestal</i>), published in <i>La Gaceta</i> No.168 of September 4, 2003.</p> <p>Law No. 286, Special Law of Exploration and Exploitation of Hydrocarbons (Ley No. 286, <i>Ley Especial de Exploración y Explotación de Hidrocarburos</i>), published in <i>La Gaceta</i> No. 109, of June 12, 1998 and its reforms.</p> <p>Law No. 443, Law of Geothermal Resource Exploration and Exploitation and its reforms. (Ley No. 443, <i>Ley de Exploración y Explotación de Recursos Geotérmicos</i>), published in <i>La Gaceta</i> No. 222 of November 21, 2002 and its reforms.</p> <p>Law No. 883, Organic Law of the Nicaraguan Oil Company (PETRONIC) with its reforms incorporated (Ley No. 883, <i>Ley Orgánica de la Empresa Nicaragüense de Petróleos - PETRONIC, con sus reformas incorporadas</i>), published in <i>La Gaceta</i>, No. 239 of</p>

	December 17, 2014 .
<b>Description:</b>	<p data-bbox="488 304 903 338"><u>Cross-Border Trade in Services</u></p> <p data-bbox="488 371 1399 551">Natural resources are part of the national heritage. The preservation of the environment and the conservation, development and rational exploitation of the natural resources are the responsibility of the State; the State may conclude contracts for the rational exploitation of these resources, when the national interest so requires.</p> <p data-bbox="488 591 1399 663">The domain, use and exploitation of natural resources described in the law shall be regulated by law expresses.</p> <p data-bbox="488 703 1399 987">The exploration, exploitation and benefits of liquid or gaseous hydrocarbon deposits of any kind existing in the maritime waters subject to the national jurisdiction and those totally or partially located in areas designated important for national security with mining effects, the qualification of which shall be made by law, may be subject to administrative concessions or to special operating contracts, with the requirements and conditions established by the laws, for each case.</p>

<b>42. Sector:</b>	Elaboration of maps
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 311, Organic Law of the Nicaraguan Institute of Territorial Studies (INETER) (Ley No. 311, <i>Ley Orgánica del Instituto Nicaragüense de Estudios Territoriales</i> - INETER), published in <i>La Gaceta</i> No. 143 of July 28, 1999 and its reforms.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The Nicaraguan Institute of Territorial Studies (<i>Instituto Nicaragüense de Estudios Territoriales</i> - INETER) is responsible for developing, updating, editing and publishing official, cadastral, urban and rural maps, as well as thematic maps and hydrographic, nautical and aeronautical charts of the country at different scales.</p>

<b>43. Sector:</b>	Administration of Lotteries
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Internal Regulation of the National Lottery ( <i>Reglamento Interno de la Lotería Nacional</i> ), published in <i>La Gaceta</i> No. 229 of December 3, 1996.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only the State can operate directly and for charitable purposes lottery games and games of chance.</p> <p>Only the National Lottery, State-owned Company, can do the activities of management and distribution of the lotteries.</p>

<b>44. Sector:</b>	Ports
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 838, General Law of Nicaraguan Ports and its Regulation (Ley No. 838, <i>Ley General de Puertos de Nicaragua y su Reglamento</i> ), published in <i>La Gaceta</i> No. 92 of May 21, 2013.
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>The administration and operation of the ports of national interest is reserved to the National Port Company (<i>Empresa Portuaria Nacional</i> - EPN).</p> <p>The EPN is the Administering Authority of the state national port system, which includes all public ports. It is the administrator entity of the state-owned ports as well as of the contracts of the ports granted by the State of Nicaragua under procedure of Law No. 838, in which activities of international transport of goods or passengers are carried out, as well as in those ports of local interest under its administration and control; and in those that may be developed or promoted in the future.</p> <p>The President of the Republic, through the EPN and for reasons of strategic interest, may grant in concessions or association, the construction and operation of new ports for public use prior to technical approval of the DGTA to public or private legal entities, national or foreign, after consultation and approval, where appropriate, with municipalities and regional councils on the Atlantic Coast, where the port is positioned.</p> <p>The concessions and contracts for the exploitation and port development that the State grants in the Autonomous Regions of the Atlantic Coast will be processed in accordance with the provisions of the Political Constitution of the Republic of Nicaragua and the relevant laws.</p> <p>When the investment takes place in the territory of the Autonomous Regions (Atlantic Coast Regions), the legal instrument to be signed between the National Port Company and the investor has to be approved by the Regional Council, in accordance with the provisions of the Political Constitution of the Republic of Nicaragua.</p> <p>The concession contracts or lease contracts will be regulated</p>



	<p>exclusively by the laws of the Republic of Nicaragua. The disputes that may arise because of interpretation or application of the contract shall be subject to:</p> <ol style="list-style-type: none"><li>1) Amicable settlement between the parties;</li><li>2) Mediation before the Directorate of Alternative Dispute Resolution in the Supreme Court of Justice; or</li><li>3) Arbitration, in accordance with the laws of the Republic of Nicaragua.</li></ol>
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## Annex II

### SCHEDULE OF NICARAGUA

#### EXPLANATORY NOTE

1. The Schedule of Nicaragua of this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the specific sectors, sub-sectors, or activities for which that Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Articles 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Articles 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence)
- (d) Article 9.9 (Performance Requirements);
- (e) Article 9.10 (Senior Management and Boards of Directors); or
- (f) Article 10.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the sectors, subsectors, or activities listed in the entry;
- (c) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry; and
- (d) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Article 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.

<b>1. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Nicaragua reserves the right to limit the transfer or disposal of any interest held in an existing state enterprise, so that only Nicaraguan nationals may receive such interest. However, the preceding sentence pertains only to the initial transfer or disposal of such interest. Nicaragua does not reserve this right for subsequent transfers or disposals of such interest.</p> <p>Nicaragua reserves the right to limit control of any new enterprise created by the transfer or disposal of any interest described in the preceding paragraph through means other than limitations on the ownership of the interest. Nicaragua also reserves the right to adopt or maintain any measure related to the nationality of senior managers and members of the board of directors in such new enterprise.</p>

<b>2. Sector:</b>	Minority Affairs and Indigenous Peoples
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Political Constitution of the Republic of Nicaragua and its reforms ( <i>Constitución Política de la República de Nicaragua y sus reformas</i> ), published in <i>La Gaceta</i> No. 32 of February 18, 2014.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Nicaragua reserves the right to adopt or maintain any measure granting rights or preferences to socially or economically disadvantaged minorities and indigenous population.

<b>3. Sector:</b>	Communications
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 200, General Law of Telecommunications and Postal Services (Ley No. 200, <i>Ley General de Telecomunicaciones y Servicios Postales</i>), published in <i>La Gaceta</i> No. 154 of August 18, 1995.</p> <p>Decree No. 19-96, of Regulation of Law No. 200, General Law of Telecommunications and Postal Services (Decreto No. 19-96, <i>Reglamento de la Ley No. 200, Ley General de Telecomunicaciones y Servicios Postales</i>), published in <i>La Gaceta</i> No. 177 of September 19th, 1996.</p>
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Nicaragua reserves the right to adopt or maintain any measure that accords differential treatment to persons of other countries due to application of reciprocity measures or through international agreements involving sharing of the radio electronic spectrum, guaranteeing market access, or national treatment with respect to the one-way satellite transmission of direct-to-home (DTH) and direct broadcasting satellite (DBS) television services and digital audio services.</p>

<b>4. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Nicaragua reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.</p> <p>Nicaragua reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:</p> <p>(a) aviation;</p> <p>(b) fisheries; or</p> <p>(c) maritime matters, including salvage.</p>

<b>5. Sector:</b>	Coastal Lands, Islands, and River Banks
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Political Constitution of the Republic of Nicaragua and its reforms ( <i>Constitución Política de la República de Nicaragua y sus reformas</i> ), published in <i>La Gaceta</i> No. 32 of February 18, 2014.
<b>Description:</b>	<u>Investment</u>  Nicaragua reserves the right to adopt or maintain any measure with respect to coastal lands, islands, and river banks under the possession of Nicaragua.

<b>6. Sector:</b>	Social Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Political Constitution of the Republic of Nicaragua and its reforms ( <i>Constitución Política de la República de Nicaragua y sus reformas</i> ), published in <i>La Gaceta</i> No. 32 of February 18, 2014.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Nicaragua reserves the right to adopt or maintain any measure with respect to the enforcement of law and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: unemployment insurance, social insurance and security social welfare, public education, public training, health, and child care.



<b>7. Sector:</b>	All Sectors
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Political Constitution of the Republic of Nicaragua and its reforms ( <i>Constitución Política de la República de Nicaragua y sus reformas</i> ), published in <i>La Gaceta</i> 32 of February 18, 2014.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Nicaragua reserves the right to adopt or maintain any measure regarding the establishment, acquisition, expansion, management, conduct, or operation of Small and Medium Enterprises (SMEs).  Nicaragua reserves the right to adopt or maintain any measure that grants rights or preferences to small and medium enterprises.

<b>8. Sector:</b>	Postal Services
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 758, General Law on Nicaraguan Post and Postal Services, (Ley No. 758, <i>Ley de Correos y Servicios Postales de Nicaragua</i> ), published in <i>La Gaceta</i> , No. 96 and 97 of May 26 and 27, 2011.
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  Activities related to the provision of postal services, international postal service and the country's representation in international organizations are reserved to Nicaraguan Post Office (Correos de Nicaragua), the operator appointed by the Government.

<b>9. Sector:</b>	Energy
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Political Constitution of the Republic of Nicaragua and its reforms ( <i>Constitución Política de la República de Nicaragua y sus reformas</i> ), published in <i>La Gaceta</i> No. 32 of February 18, 2014.
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Nicaragua reserves the right to adopt or maintain any measure related to the establishment, acquisition, expansion, management, conduction or operations of any company in the field of generation, distribution and commercialization of electricity.

<b>10. Sector:</b>	Fossil Fuels
<b>Subsector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Political Constitution of the Republic of Nicaragua and its reforms (Constitución Política de la República de Nicaragua y sus reformas), published in <i>La Gaceta</i> No. 32 of February 18, 2014.
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  Nicaragua reserves the right to adopt or maintain any measure related to the establishment, acquisition, expansion, management, conduction or operations of any company in the field of exploration, and exploitation of fossil fuels and its supply.

## Annex III

### SCHEDULE OF NICARAGUA

#### EXPLANATORY NOTE

1. The Schedule of Nicaragua to Annex III sets out:
  - (a) headnotes that limit or clarify the commitments of Nicaragua with respect to the obligations described in clauses (i)-(v) of subparagraph (b);
  - (b) in Section A, pursuant to Article 11.9 (Non-Conforming Measures), the existing measures of Nicaragua that do not conform to some or all of the obligations imposed by:
    - (i) Article 11.2 (National Treatment);
    - (ii) Article 11.3 (Most-Favored-Nation Treatment);
    - (iii) Article 11.4 (Market Access for Financial Institutions);
    - (iv) Article 11.5 (Cross-Border Trade); or
    - (v) Article 11.8 (Senior Management and Boards of Directors);
2. Each entry in Section A sets out the following elements:
  - (a) **Sector** refers to the general sector for which the entry is made;
  - (b) **Subsector** refers to the specific sector for which the entry is made;
  - (c) **Obligations Concerned** specifies the obligation(s) referred to in subparagraph 1(b) that, pursuant to Article 11.9 (Non-Conforming Measures), do not apply to the listed measure(s);
  - (d) **Level of Government** indicates the level of government maintaining the listed measure(s);
  - (e) **Measures** identify the laws, regulations or other measures for which the entry is made. 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;

(f) **Description** provides a general, nonbinding description of the **Measures**.

3. In the interpretation of a non-conforming measure in Section A, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of the Financial Services Chapter with respect to which the non-conforming measure is taken. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, if any, or a Specific Commitment from an Annex to the Financial Services Chapter, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

4. Where Nicaragua maintains a measure that requires that a service supplier be a citizen, as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Articles 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), or 11.5 (Cross-Border Trade) shall operate as a non-conforming measure with respect to Articles 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment) and 9.9 (Performance Requirements), to the extent of that measure.

### *Headnotes*

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Section A below.
2. In order to clarify the Nicaraguan commitment with respect to Article 11.4, juridical persons supplying financial services and organized under the laws of Nicaragua are subject to non-discriminatory limitations on juridical form.<sup>1</sup>
3. The commitments of Nicaragua under Articles 11.2 (National Treatment) and 11.4 (Market Access for Financial Institutions) are subject to the limitation that in order to establish or acquire a controlling interest in a financial institution in Nicaragua, a foreign investor must own or control a financial institution that engages in supplying financial services within the same financial services subsector in its home country.
4. Nicaragua limits its commitments under Article 11.9.1(c) (Non-Conforming Measures) with respect to Article 11.4 (Market Access for Financial Institutions) in the following manner: Article 11.9.1(c) shall apply only to non-conforming measures relating to 11.4.1(a) and not to those non-conforming measures relating to Article 11.4.1(b).<sup>2</sup>

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<sup>1</sup> For example, partnerships and sole proprietorship are generally not acceptable juridical forms for depository financial institutions in Nicaragua. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of the other Party between branches or subsidiaries.

<sup>2</sup> Article 11.3 (Most-Favored-Nation Treatment) shall not apply with regard to the limitation in the application of Article 11.9.1(c) described above in paragraph 4.

## Section A

<b>1. Sector:</b>	Financial Services
<b>Subsector:</b>	Bank
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 561, General Law of Banks, Non-Banking Financial Institutions and Financial Groups, hereinafter “LGB” (Ley No. 561, <i>Ley General de Bancos, Instituciones Financieras no Bancarias y Grupos Financieros</i>), published in <i>La Gaceta</i> No. 232 of November 30, 2005.</p> <p>(Resolution No. CD-SIBOIF-473-1-ABR11-2007, Standard on the Requirements for the Establishment of Banks, Financial Companies, Branches of Foreign Banks and Representation Offices hereinafter “Rule of Constitution”; (Resolución N° CD-SIBOIF-473-1-ABR11-2007, <i>Norma Sobre Los Requisitos para la constitución de Bancos, Sociedades Financieras, Sucursales de Bancos Extranjeros y Oficinas de Representación</i>) (<i>Norma de Constitución</i>).</p> <p>Law No. 551, Deposit Guarantee System Law hereinafter “FOGADE” (Ley No. 551, <i>Ley del Sistema de Garantías de Depósito</i>), published in <i>La Gaceta</i> No. 168 of August 30, 2005 and its reforms.</p> <p>Law No. 587, Capital Markets Law, (Ley No. 587, <i>Ley de Mercado de Capitales</i>), published in <i>La Gaceta</i> No. 222 of November 15, 2006.</p> <p>Law No. 899, Investment Companies Law (Ley No. 899, <i>Ley de Sociedades de Inversión</i>), published in <i>La Gaceta</i> No. 76 of April 27, 2015.</p>
<b>Description:</b>	<p>Banking activity can only be practiced by legal entities constituted and domiciled in the country as corporations or by legally constituted bank branches abroad authorized for this purpose by the regulatory entity. Articles 2, 3, 4 and 9 of Law No. 561, (LGB).</p> <p>The capital that foreign banks assign to their branches in Nicaragua shall meet the minimum required for Nicaraguan</p>



	<p>institutions and be effectively paid and entered into the country. Article 17 of Law No. 561, (LGB) and Article 11 section a) of the Rule of Constitution (<i>Norma de Constitución</i>).</p> <p>Branches of foreign banks may not announce or advertise the amount of capital and reserves of its parent company, without announcing or advertising both the assigned capital and reserves of the branch in Nicaragua, Article 18 of Law No. 561, (LGB).</p> <p>The administration and legal representation of foreign bank branches established in Nicaragua will be the responsibility of or duly authorized administrators and managers with residence in the country, Article 32 of Law No. 561, (LGB).</p> <p>The legal address of foreign banking companies' branches, regarding its business performed in Nicaragua, shall be Nicaragua, Article 13 of Law No. 561, (LGB).</p> <p>Banks incorporated abroad that establish branches in Nicaragua, cannot use diplomatic channels in any case regarding its operations in Nicaragua, Article 13 of Law No. 561, (LGB).</p> <p>The capital of branches of foreign banks established in the country, if any, may be transferred abroad only with prior approval of the Superintendent of Banks, once completed the liquidation of its business, Article 26 of Law No. 561, (LGB).</p> <p>If a foreign bank that has branches in Nicaragua is liquidated under national law, those branches will also be liquidated. Article 77 FOGADE Act.</p> <p>Applications will only be made for the establishment of branches of foreign banks, when institutional information can be exchanged between the supervisors of both countries and the parent bank has more than five years of operation and financial banking intermediation in the country which granted it the license. If it is a foreign bank originated from a merger, those of the oldest entity will be counted as years of operation. Article 8 of the Rule of Constitution (<i>Norma de Constitución</i>). Representative offices of foreign banks can place funds in the country in the form of loans and investments, and act as information centers for their customers, but they are prohibited from accepting deposits from the public in Nicaragua. Article 14 of Law No. 561, (LGB).</p> <p>In the case of the stock market, to be a stockbroker, it is required to be a Nicaraguan or foreign person residing in Nicaragua and it</p>
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	<p>is necessary to have complete proficiency in Spanish language. Article 69 of Law No. 587 (MDC).</p> <p>For all entities under the supervision of the Superintendence, in which foreign nationals perform external audits, those foreign nationals, besides registering, must carry out their work through an authorized public accountant to exercise this profession in Nicaragua.</p>
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<b>2. Sector:</b>	Financial Services
<b>Subsector:</b>	Non-banking Financial Institutions and Other Financial Services: financial corporations, companies issuing credit cards, bonded warehouses, stock exchanges, brokerage firms, management companies of investment funds, fund management companies of securitization, central securities depository, clearing and settlement companies, entities operating with electronic money and special regime financial enterprises. (Excluding insurance).
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 561, General Law of Banks, Non-Banking Financial Institutions and Financial Groups (Ley No. 561, <i>Ley General de Bancos, Instituciones Financieras no Bancarias y Grupos Financieros</i>), published in <i>La Gaceta</i> No.232 of November 30, 2005. (LGB Law).</p> <p>Law No. 515, Law on Promotion and Regulation on the Use of Credit Cards. (Ley No. 515, <i>Ley de Promoción y Ordenamiento del uso de la Tarjeta de Crédito</i>), published in <i>La Gaceta</i> No. 11 of January 17, 2005.</p> <p>Resolution No. CD-SIBOIF-629-4-MAY26-2010, Standard for Credit Card Operations, (Resolución N° CD-SIBOIF-629-4-MAY26-2010, <i>Norma para las Operaciones de Tarjetas de Crédito</i>), published in <i>La Gaceta</i> No.150 and 151 of August 9 and 10, 2010.</p> <p>Law No. 587, Capital Markets Law (Ley No. 587, <i>Ley de Mercado de Capitales</i>), published in <i>La Gaceta</i> No. 222 of November 15, 2006. (MDC Law).</p> <p>Resolution No. CD-SIBOIF-671-1-MAR30-2011, Standard for the Authorization and Operation of Entities Operating with Electronic Money (Standard EDE) (Resolución N° CD-SIBOIF-671-1-MAR30-2011, <i>Norma para la Autorización y Funcionamiento de Entidades que operan con Dinero Electrónico</i>), published in <i>La Gaceta</i> No.79 and 81 of May 3 and 5, 2011.</p> <p>Law No. 734, Law on General Deposit Warehouses (Ley No. 734, <i>Ley de Almacenes Generales de Depósitos</i>), published in <i>La Gaceta</i> No. 201 and 202 of October 21 and 22, 2010. Law on</p>

	warehouses.
<b>Description:</b>	<p>Those interested in operating as financial corporations (Title IV LGB Law), general bonded warehouses (Articles 7 and 13 of Law No. 734, Law on warehouses), stock exchanges (Article 36 MDC Law), stockbrokers (Article 63 MDC Law), management companies of investment funds (Article 74 MDC Law), fund management companies of securitization (Article 122 MDC Law), central securities depository (Article 139 MDC Law), clearing and settlement companies (Article 154 MDC Law), entities operating with electronic money (Standard EDE) and special regimen financial companies must obtain authorization from the respective regulatory body and be constituted in the country as corporations or by branches of entities legally constituted abroad.</p> <p>The capital that non-banking financial institutions established in foreign countries allocate to their branches in Nicaragua must be effectively paid and transferred in Nicaragua. The branches of these non-banking financial institutions that capture public resources in form of deposits may not place loans based on the capital and reserves of the parent company.</p> <p>In case that non-banking financial institutions are covered by the same provisions outlined for Subsector of banking, refer to laws indicated in the Measures.</p>

<b>3. Sector:</b>	Financial Services
<b>Subsector:</b>	Insurances
<b>Obligations Concerned:</b>	Cross-Border Trade (Article 11.5) Senior Management and Boards of Directors. (Article 11.8)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 733, General Law for Insurance, Reinsurance, and Bonds (<i>Ley No. 733, Ley General de seguros reaseguros y fianzas</i>), published in <i>La Gaceta</i> No.162, 163 and 164 of August 25, 26 and 27, 2010. Hereinafter “Insurance Act” .</p> <p>Resolution SIB-OIF-IV-26-96, Regulatory Rules for the authorization of Insurance intermediaries and the exercise of their intermediation functions (Resolución: SIB-OIF-IV-26-96, <i>Normas Regulatorias para la autorización de intermediarios de Seguros y el ejercicio de sus funciones de intermediación</i>), published in <i>La Gaceta</i> No.13 of January 20, 1997.</p>
<b>Description:</b>	<p>The activity of insurance and reinsurance can be only practiced by legal entities constituted and domiciled in the country as corporation and authorized by the respective regulator. Article 9 of Insurance Act.</p> <p>Insurance companies (insurance, reinsurance, guarantees and re-consolidation) legally incorporated abroad can also operate in the country by establishing a branch. Article 20 of Insurance Act.</p> <p>Insurance companies incorporated abroad establishing branches in Nicaragua, are considered domiciled in Nicaragua for any legal effect. Article 24 of Insurance Act.</p> <p>The domicile of the branches of foreign insurance companies, with respect to their performed business in Nicaragua, will be Nicaraguan; and shall be deemed as their legal representatives, the attorneys or agents incorporated in the Republic of Nicaragua. Article 24 of Insurance Act.</p> <p>Insurance companies incorporated abroad that establish branches in Nicaragua, cannot use diplomatic channels in any case related to its operations in Nicaragua. Article 24 of Insurance Act.</p> <p>Natural or legal persons domiciled in Nicaragua are prohibited from buying insurance from companies without the proper</p>

	<p>authorization to operate in Nicaragua, except those for export and import transportation, or accidental damage that may occur outside of Nicaragua and if it can be demonstrated to the Superintendent that the specific insurance in question is not available in the country from authorized institutions or that these institutions do not have approved insurance policies covering those risks. Article 174 of Insurance Act.</p> <p>Foreigners wishing to engage in insurance brokerage or to be insurance agents in Nicaragua must be residents in the country, have a work permit and be authorized to exercise the activity under the law. Article 115 of Insurance Act.</p>
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<b>4. Sector:</b>	Financial Services
<b>Subsector:</b>	All Subsectors except Banking and Insurance
<b>Obligations Concerned:</b>	Market Access (Article 11.4) Cross-Border Trade (Article 11.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	
<b>Description:</b>	Nicaragua reserves the right to adopt or maintain measures requiring the incorporation in Nicaragua of financial institutions organized under the laws of foreign countries, excluding those seeking to operate as banks or insurance companies within Nicaragua.

<b>5. Sector:</b>	Financial Services
<b>Subsector:</b>	All Subsectors except Banking and Insurance
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Cross-Border Trade (Article 11.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	
<b>Description:</b>	<p>Nicaragua reserves the right to accord benefits to financial institutions or public entities wholly or majority owned by the State that supply financial services and are established with a public interest purpose, including but not limited to agriculture production finance, housing credits for low income families, and credits for small and midsize enterprises.</p> <p>Such benefits shall not disadvantage the core operations of commercial competitors and include, but are not limited to: extension of State guarantees, tax exemptions, exceptions to the usual juridical form requirements, and exceptions to the legal requirements to begin operations.</p>



## Annex I

### SCHEDULE OF PANAMA

#### EXPLANATORY NOTES

1. The Schedule of Panama to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), Panama's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence);
- (d) Article 9.9 (Performance Requirements);
- (e) Article 9.10 (Senior Management and Boards of Directors); or
- (f) Article 10.4 (Market Access).

2. Each reservation sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Sub-Sector** refers to the specific sector in which the entry is made;
- (c) **Obligations Concerned** specifies the obligations referred to in paragraph 1 that, pursuant Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the non-conforming aspects of the law, regulation, or other measure;
- (d) **Measure** identifies a law, regulation or other measure for which the entry is made. A measure cited in the **Measure** element:
  - i. means the measure as amended, continued or renewed as of the date of entry into force of this Agreement, and
  - ii. includes a subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (e) **Description** provides an overview of the measures.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant articles of the Chapters against which the entry is made. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry, do not apply to law, regulation or other measure identified in the Measures element of that entry.

5. Where Panama maintains a measure that requires a service provider be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a reservation for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favored-Nation) or 10.5 (Local Presence) operates as a reservation with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation) or 9.9 (Performance Requirements) to the extent of that measure.

6. For the purposes of this Agreement, Panama understands that:

fishing and related activities in Panamanian jurisdictional waters shall not be considered service and therefore need not be listed in Annexes I and II with respect to the obligations of Chapter 10 (Cross-Border Trade in Services).

<b>1. Sector:</b>	Distribution Services
<b>Sub-sector:</b>	Retail Sales
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government</b>	Central
<b>Measures:</b>	Article 293 of the Political Constitution of the Republic of Panama Article 5 and 10 of Law No. 5 of January 11, 2007 Article 12 of Executive Decree 26 of July 12, 2007
<b>Description:</b>	<p><u>Investment</u></p> <p>1. Only the following persons may own a retail business in Panama:</p> <ul style="list-style-type: none"> <li>(a) a Panamanian national by birth;</li> <li>(b) a natural person who, on the date of entry into force of the 1972 Constitution, were naturalized and married to a Panamanian national or have children with a Panamanian national;</li> <li>(c) Panamanians by naturalization who are not covered by the description under (b), after 3 years of the date on which they have obtained their naturalization letter;</li> <li>(d) Panamanian juridical persons or juridical persons organized under the law of a foreign country and foreign natural persons who on the date of entry into force of the 1972 Constitution owned a retail business in Panama according to the domestic law; and</li> <li>(e) a juridical person, whether organized under the domestic law of Panama or any other country, if ownership of that person is held by a natural person described in subparagraph (a), (b), (c) or (d), as set out in paragraph 5 of Article 293 of the 1972 Constitution.</li> </ul> <p>2. However, a foreign national not authorized to own a retail business may participate in those companies that sell products manufactured by those companies.</p> <p>3. Senior managers and directors of a retail business must meet the same nationality requirements as owners of a retail business.</p>

<b>2. Sector:</b>	All Sectors
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Articles 290 and 291 of the Political Constitution of the Republic of Panama
<b>Description:</b>	<p><u>Investment</u></p> <p>1. A foreign government, foreign official or foreign state enterprise may not own real property in Panama, except property used for an embassy.</p> <p>2. A foreign national, or enterprise organized under the laws of Panama owned entirely or partially by foreign nationals, may not own real property within 10 kilometers of Panama's borders.</p>

<b>3. Sector:</b>	Public Utilities Service
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 285 of the Political Constitution of the Republic of Panama
<b>Description:</b>	<p><u>Investment</u></p> <p>The majority of the capital of a private enterprise engaged in public utilities that operate in Panama shall be owned by a Panamanian person, except where provided by domestic law.</p>

<b>4. Sector:</b>	All Sectors
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	Senior Management and Boards of Directors (Article 9.10) National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 322 of the Political Constitution of the Republic of Panama
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>1. Preference is given to a Panamanian national over a foreign national for contractual positions in the Panama Canal Authority. A foreign national may be hired instead of a Panamanian national, provided that the position is difficult to fill and that all channels for hiring a qualified Panamanian national have been exhausted and that it is authorized by the Canal Authority Administrator. If the only applicants for a position with the Panama Canal Authority are foreign nationals, preference is given to a foreign national with a Panamanian spouse or a foreign national who has lived in Panama for 10 consecutive years.</p> <p>2. Only a Panamanian national can be a director of the Panama Canal Authority.</p>

<b>5. Sector:</b>	Artistic Activities
<b>Sub-sector:</b>	Other Entertainment Services (Musicians and Artists)
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 1 of Law No. 10 of January 8, 1974 Article 1 and 2 of Executive Decree No.38 of August 12, 1985
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>1. An employer who hires a foreign orchestra or musical group is required to hire a Panamanian orchestra or musical group to perform at each one of the locations where the foreign orchestra or musical group performs. This obligation exists for the duration of the foreign orchestra or musical group's contract. This Panamanian orchestra or musical group must receive at least the amount of USD 1,000.00 per performance. Each member of the group must receive no less than USD 60.00 of this amount</p> <p>2. A Panamanian artist performing alongside a foreign artist must be hired on the same terms and with the same professional considerations. This applies but is not limited to promotions, publicity and advertising related to the event, regardless of the media used.</p> <p>3. The hiring of a foreign artist for promotions, or the charitable donation or exchange of the services or works of a foreign artist, will only be approved if it does not adversely affect or displace a Panamanian artist. In any case, the hiring must be submitted for evaluation by an expert to determine the value of the service and work provided for the purpose of paying union fees and dues.</p>

<b>6. Sector:</b>	Communications
<b>Sub-sector:</b>	Services of Transmission of Radio and Television Programs
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Article 9.4) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 285 of the Political Constitution of the Republic of Panama Articles 14 and 25 of Law No. 24 of June 30, 1999 Articles 152 and 161 of Executive Decree No. 189 of August 13, 1999
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>1. A concession to operate a public radio or public television station in Panama may be granted to a natural person or to an enterprise. In the case of a natural person, the concessionaire must be a Panamanian national. In the case of an enterprise, at least 65% of the shares of the concessionaire must be owned by a Panamanian national.</p> <p>2. Each senior manager and director of an enterprise operating a public radio or public television station must be a Panamanian national.</p> <p>3. Under no circumstances may a foreign government or a foreign state enterprise supply, by itself or through a third party, public radio or public television services or hold a controlling interest, directly or indirectly, in an enterprise that supplies those services.</p> <p>4. A concessionaire of a public radio or public television service may not broadcast an advertisement originating within Panama containing an announcement made by an announcer who does not have a license issued by the National Authority of Public Services. That may only be obtained by a Panamanian national or a national of a country that has granted reciprocal rights to Panamanian nationals.</p>



<b>7. Sector:</b>	Communications
<b>Sub-sector:</b>	Telecommunication Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 21 of Law No. 31 of February 8, 1996
<b>Description:</b>	<p><u>Investment</u></p> <p>An enterprise that is directly or indirectly owned or controlled by a foreign government or in which a foreign government is a partner may not supply telecommunications services in the territory of Panama.</p>

<b>8. Sector:</b>	Education
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 100 of the Political Constitution of the Republic of Panama
<b>Description:</b>	<u>Cross-Border Trade in Services</u> Only a Panamanian national may teach Panamanian history and civic education in the territory of Panama.

<b>9. Sector:</b>	Electrical Energy
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Articles 32, 45 and 46 of Law No. 6 of February 3, 1997
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <ol style="list-style-type: none"> <li>1. Electric power transmission services in the territory of Panama may be supplied only by the Government of Panama.</li> <li>2. Electric power distribution services in the territory of Panama will be supplied by 3 enterprises for a period of 15 years, under concessions granted by the National Authority of Public Services.</li> <li>3. It is required to be Panamanian national to be a member of the Board of Directors of an electricity company, in which 51% or more of the shares of these companies belong to the State.</li> </ol>

<b>10. Sector:</b>	Crude Petroleum, Hydrocarbons and Natural Gas
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	Performance Requirements (Article 9.9) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Articles 21, 25, 26 and 71 of Law No. 8 of June 16, 1987
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>1. If a contractor is a foreign juridical person, it must establish itself or open a branch in the Republic of Panama.</p> <p>2. A contractor or subcontractor may acquire a good or contract service from abroad if:</p> <ul style="list-style-type: none"> <li>(a) that good or service is not available in Panama; or</li> <li>(b) the good or service available in Panama does not fulfill the normal specifications required by the industry, as determined by the National Directorate of Hydrocarbons of the Ministry of Commerce and Industries.</li> </ul>

<b>11. Sector:</b>	Operation of Mines
<b>Sub-sector:</b>	Extraction of Non-metallic, Metallic (Except Precious Minerals) Minerals, Precious Alluvial Minerals, Precious Non-Alluvial Minerals, Fuel Minerals (Except Hydrocarbons) and Reserve Minerals and Related Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Measures</b>	Articles 4, 5, 130, 131, 132 and 135 of Decree Law No. 23 of August 22, 1963 Article 11 of Law No. 3 of January 28, 1988 Article 1 of Decree No. 30 of February, 2011
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>1. A foreign government, foreign state enterprise, or juridical person in which there is direct or indirect participation of any foreign government, may not:</p> <ul style="list-style-type: none"> <li>(a) obtain a mining concession;</li> <li>(b) directly or indirectly, be a contractor for mining operations;</li> <li>(c) operate or benefit from a mining concession; or</li> <li>(d) acquire, possess or retain, for use in mining operations in Panama, equipment or material without previous and special authorization issued through a Decree of the President of the Republic signed by all members of Cabinet.</li> </ul> <p>2. Panama will give preference to Panamanian nationals for positions in all phases of mining operations, in accordance with the Labor Code.</p> <p>3. The holder of a mining concession and a contractor engaged in mining operations may employ a foreign national as an executive, scientific or technical expertise if:</p> <ul style="list-style-type: none"> <li>(a) employing the foreign national is necessary for the efficient development of the mining operations; and</li> <li>(b) foreign nationals constitute less than 25% of the number of persons employed, and the salaries that foreign nationals receive amount to less than 25% of total salaries:</li> </ul>

	<ul style="list-style-type: none"><li>(i) for the holder of a mining concession when engaged in mining operations covered by extraction, benefit or transport concessions, and</li><li>(ii) for a contractor when carrying out mining operations.</li></ul> <p>4. The Directorate General of Mining Resources will establish the terms and conditions under which foreign persons may be employed in the mining industry.</p> <p>5. All concessionaries, except those who only possess concessions for exploration or mining of Class A building, should establish related to its mining operations for the benefit of unskilled and semi-skilled workers programs; and provide cost, education and the training Panamanian employees supervised by the National Department of Mineral Resources.</p>
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<b>12. Sector:</b>	Exploration and Exploitation of Non-Metallic Minerals Used as Construction, Ceramic, Refractory and Metallurgical Materials
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 3 of Law No. 109 of October 8, 1973 Article 7 of Law No. 32 of February 9, 1996
<b>Description:</b>	<p><u>Investment</u></p> <p>1. Only a Panamanian national or an enterprise of Panama may obtain, directly or indirectly, a contract for the exploration and exploitation of limestone, sand, quarry stone, tufa, clay, gravel, debris, feldspar, plaster and other non-metallic minerals.</p> <p>2. The following may not obtain, operate or benefit from a contract referred to in paragraph 1, directly or indirectly:</p> <ul style="list-style-type: none"> <li>(a) a foreign government or state enterprise; or</li> <li>(b) a juridical person in which a foreign government has direct or indirect participation, unless the Executive Branch decides otherwise on the request of the interested juridical person.</li> </ul>

<b>13. Sector:</b>	Fishing
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 286 of Law No. 8 (the Fiscal Code of the Republic of Panama) of January 27, 1956 Law No. 20 of August 11, 1994, Articles 5 and 6 of Decree Law No. 17 of July 9, 1959 Article 1 of Decree No. 116 of November 26, 1980 Article 3 of Executive Decree No.124 of November 8, 1990 Administrative Resolution 003 of January 7, 2004 Article 3 of Executive Decree No. 239 of July 20, 2010
<b>Description:</b>	<u>Investment</u>  1. Only a Panamanian national may sell for consumption in Panama fish caught in the territory of Panama.  2. Only a vessel owned by a person of Panama may obtain a license for coastal (manual) fishing.  3. Only a Panamanian-flagged vessel that is at least 75% owned by a person of Panama and that is engaged in international tuna trade within the territory of Panama may obtain a tuna fishing license for a preferential fee.  4. Only a vessel built in Panama may carry out commercial or industrial shrimp fishing activities in the territory of Panama.



<b>14. Sector:</b>	Business Services
<b>Sub-sector:</b>	Private Security Agencies
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Articles 4 and 10 of Executive Decree No. 21 of January 31, 1992 Article 1 of Executive Decree No. 22 of January 31, 1992
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <ol style="list-style-type: none"> <li>1. The owner of a security company must be a Panamanian national.</li> <li>2. In order to be a member of the board of directors, a person must meet the criteria for ownership of a retail business described in this Annex.</li> <li>3. Only a Panamanian national may hold the position of head of security or security guards in the territory of Panama. Foreign nationals engaged by a security company in the territory of Panama must obtain prior authorization from the Panamanian government.</li> </ol>

<b>15. Sector:</b>	Advertising Services
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 152 of Executive Decree No. 189 of August 13, 1999 Article 1 of Executive Decree No. 273 of November 17, 1999, amended by Article 1 of Executive Decree No. 641 of December 27, 2006
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  The use of advertising announcements for television and cinematography produced in foreign countries whose voices band has been dubbed by Panamanians possessing an announcer's license, is only permitted if a fee is paid for the period of transmission, projection and use.

<b>16. Sector:</b>	Maritime Transport
<b>Sub-sector:</b>	Pilotage
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 44 of the Resolution J.D No.020-2003
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only Panamanian nationals may be apprentice pilots, which is a prerequisite for being licensed as a canal or port pilot.</p>

<b>17. Sector:</b>	Maritime Transport and Maritime Auxiliary Services
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Articles 4, 15 and 18 of Decree Law No. 8 of February 26, 1998 Article 43 of Law 56 of 2008
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <ol style="list-style-type: none"> <li>1. When engaging contractual service suppliers, the owner of a Panamanian-registered vessel dedicated to international service must give preference to a Panamanian national, spouse of a Panamanian national and a parent of a Panamanian child residing in Panama.</li> <li>2. Associations of shipbuilders and Panamanian shipping companies will grant scholarships and facilities for training or qualification courses to a Panamanian national, a foreign spouse of a Panamanian national or a parent of a Panamanian child.</li> <li>3. A foreign manning company operating in Panama must designate a Panamanian national residing in Panama registered with the Mercantile Registry to act as a representative of the company in all judicial, extra-judicial and administrative matters.</li> <li>4. Placement agencies established in Panama should preferably hire Panamanian crewmembers or foreigners married to nationals.</li> <li>5. The crew of the Panamanian maritime auxiliary services vessels that operates in the territorial waters must have a percentage not less than 90% of Panamanian nationals.</li> </ol>

<b>18. Sector:</b>	Transport Services
<b>Sub-sector:</b>	Air Transport Services
<b>Obligations Concerned:</b>	National Treatment (Article 9.3)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 79 of Law No. 21 of January 29, 2003, Regulated by Executive Decree No. 542 of November 24, 2005
<b>Description:</b>	<p><u>Investment</u></p> <ol style="list-style-type: none"> <li>1. Only a person of Panama with a base of operations in Panama may hold a certificate of exploitation to supply air transportation services in Panama.</li> <li>2. To obtain a certificate referred to in paragraph 1, an enterprise of Panama must also establish before the Civil Aviation Authority that the substantial property and effective control of the enterprise is owned by a Panamanian national. For example, at least 51% of the subscribed and paid-in capital of a society is represented with nominative stocks owned by a Panamanian national.</li> <li>3. For domestic transport, the percentage referred to in paragraph 2 is a minimum of 60%.</li> <li>4. During the validity of a certificate referred to in paragraph 1 the title holder must maintain the minimum percentage of ownership by a Panamanian national set out in paragraph 2 or 3.</li> </ol>

<b>19. Sector:</b>	Specialty Air Services
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 43 and 45 of Law No. 21 of January 29, 2003 amended by Article 13 of the Law No. 89 of December 1, 2010. Articles 2 and 3 of Law 89 of December 1, 2010
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>1. Panamanian airlines must hire Panamanian pilots, however domestic airlines that meet the conditions set out in Article 2 of Law 89 of 2010 may maintain foreign pilots as technician, not to exceed 15% applied only to the total number of its workers in the Republic of Panama.</p> <p>2. Only Panamanian nationals may exercise functions ascribed to the aeronautical technical personnel and technical crew. If there are not enough Panamanian nationals to provide such services, the Ministry of Labor and Workforce Development may authorize the temporary exercise by foreign personnel up to 15% of the total number of airline workers as required.</p>

<b>20. Sector:</b>	Publishing
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 9 of Law No. 67 of September 19, 1978
<b>Description:</b>	<p><u>Investment</u></p> <p>1. The following applies to an enterprise producing a print publication that is part of the Panamanian communications mass media, such as a newspaper or magazine:</p> <ul style="list-style-type: none"> <li>(a) a Panamanian national must directly or indirectly hold 100% of the ownership of the enterprise; and</li> <li>(b) the managers of the enterprise, including its publishers, editors-in-chief, deputy directors and assistant managers, must be Panamanian nationals.</li> </ul>

<b>21. Sector:</b>	Business Services
<b>Sub-sector:</b>	Professional Services – Legal Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Senior Management and Boards of Directors (Article 9.10)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Articles 3 and 16 of Law No. 9 of April 18, 1984
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <ol style="list-style-type: none"> <li>1. Only a Panamanian national holding a certificate of qualification issued by the Supreme Court may practice law in Panama.</li> <li>2. Law partnerships may be established only by lawyers qualified to practice law in Panama.</li> <li>3. Notwithstanding paragraphs 1 and 2, if it is permitted by the express terms of an international agreement, a lawyer who is a foreign national may provide advice on international law and the law of the jurisdiction in which that lawyer is licensed to practice. However, that foreign lawyer may not provide representation in the territory of Panama before a body listed in subparagraph 4(a).</li> <li>4. For purposes of this Reservation the practice of law in Panama includes: <ol style="list-style-type: none"> <li>(a) judicial representation before a civil, penal, labor, child welfare, electoral, administrative or maritime tribunal;</li> <li>(b) rendering of verbal or written legal advice;</li> <li>(c) drafting of legal documents and contracts; and</li> <li>(d) any other activity that requires a license to practice law in Panama.</li> </ol> </li> </ol>



<b>22. Sector:</b>	Business Services
<b>Sub-sector:</b>	Professional Services
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored Nation Treatment (Article 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Articles 4, 7, 9 and 10 of Law No. 57 of September 1978, authorized public accountant</p> <p>Article 3 of Law No. 7 of April 14, 1981, economist</p> <p>Article 32, 33 and 34 of the Resolution No. 168 of July 25, 1988, approving the Regulations of the Technical Economic Council</p> <p>Articles 9 through 11 of Law No.67 of September 19, 1978, journalism profession</p> <p>Article 4 of the Law No. 21 of June 16, 2005, public relations specialist</p> <p>Article 5 of the Law No. 55 of December 3, 2002, regulating psychology</p> <p>Article 55 of the Law No. 51 of 28 December 2005 professionals and health technicians</p> <p>Articles 2 and 3 of Law No. 1 of January 3, 1996, sociology</p> <p>Article 3 of Law No. 17 of July 23, 1981, social worker</p> <p>Article 3 of Law No. 20 of October 9, 1984, regulating the library sciences profession</p> <p>Article 2141 of Law No. 59 of July 31, 1998, amending the name of Title XVII and Articles 2140, 2141 and 2142 of the Administrative Code, and repealing Article 13 of Law No. 33 of 1984 on authorized public translators</p> <p>Book VIII, adopted by the Resolution J.D. No. 012 of February 20, 2009 and Resolution J.D. No. 046 of November 25, 2010 on the licensing for aeronautic personnel not belonging to the crew</p> <p>Article 44 of Decree Law No. 1 of 2008 on the licensing of customs brokers</p>

	<p>Articles 3 and 4 of Executive Order No. 6 of July 8, 1999, real estate agent</p> <p>Article 198 of Law No. 23 of July 15, 1997, approving the WTO Agreement; Panama's Accession Protocol to this Agreement, including its annexes and schedules of commitments; adjusting internal legislation to international standards; and enacting other provisions including on stockbrokers</p> <p>Articles 2, 3 and 4 of Law No. 22 of January 30, 1961, related to professional agricultural services</p> <p>Articles 4 and 16 of Cabinet Decree No. 362 of November 26, 1969, nutritionist and dietician</p> <p>Article 5 of Law No. 34 of October 9, 1980, phono-audiologist, speech and language therapist, and audiometrician or audiology technician</p> <p>Articles 1 and 8 of Law No. 3 of January 11, 1983, veterinary medicine</p> <p>Article 1 of Cabinet Decree No. 196 of June 24, 1970, establishing requirements to obtain a medical license to freely practice medicine and other related professions</p> <p>Resolution No. 1 of January 26, 1987, by which the Technical Health Board classifies acupuncture as a technique that may only be practiced by medical and dental professionals in Panama</p> <p>Articles 3 and 4 of Decree No. 32 of February 17, 1975, medical assistant</p> <p>Article 1 of Law No. 22 of February 9, 1956, odontology</p> <p>Article 10 of Ministerial Decree No. 16 of January 22, 1969, regulating medical interns, residents, specialists and odontologists and creating the positions of General Practitioner and Medical Consultant</p> <p>Article 3 of Resolution No. 1 of March 14, 1983, approving the Regulations for Odontological Specializations</p> <p>Article 5 and 6 of Law No. 13 of May 15, 2006 on the exercise of the profession of dental care technician</p> <p>Articles 37, 108, 197 and 198 of Law No. 66 of November 10, 1947, approving the Health Code</p> <p>Article 9 of Law No. 1 of January 6, 1954, regarding the profession of licensed nurses, giving stability to this profession and regulating the</p>
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	<p>pension for retired nurses</p> <p>Article 3 of Law No. 74 of September 19, 1978, clinical laboratory worker, amended by Article 1 of Law No. 8 of April 25, 1983</p> <p>Article 4 of Law No. 48 of November 22, 1984, assistants and support personnel working in clinical laboratories run by the Ministry of Health and the Social Security Fund and Foundation and regulating this profession</p> <p>Articles 7, 13 and 15 of Law No. 47 of November 22, 1984, physiotherapy and/or kinesthesiology</p> <p>Article 2 of Decree Law No. 8 of April 20, 1967, chiropractor</p> <p>Article 6 of Law No. 42 of October 29, 1980, medical radiology technician, amended by Article 5 of Law No. 53 of September 18, 2009</p> <p>Article 6 of Law No. 13 of August 23, 1984, specialists in medical records and health statistics who are employed by public health agencies, regulating their pay scale, and establishing other provisions (assistants to medical records and health statistics specialists, medical record technicians and health statistic technicians)</p> <p>Resolution No. 1 of April 15, 1985, orthopedic and nuclear medicine technicians</p> <p>Resolution No. 2 of June 1, 1987, neurophysiology technician, encephalographic technician, and electro-neurography or evoked potentials technician</p> <p>Article 6 of Law No. 36 of August 2, 2010, which recognizes the profession of occupational therapy</p> <p>Resolution No. 1 of February 8, 1988, occupational health technician</p> <p>Article 2 of Resolution No. 10 of March 24, 1992, respiratory therapy technician or respiratory inhalotherapy technician</p> <p>Article 3 of Resolution No. 19 of November 12, 1991, prosthetic-orthotic technician</p> <p>Article 2 of Resolution No. 7 of December 15, 1992, regulating the practice of histology and the professions of histology assistant and cytology assistant</p> <p>Article 5, 6 and 7 of Law No. 27 of May 22, 2009, which regulates the profession of histology</p>
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	<p>Article 2 of Resolution No. 50 of September 14, 1993, radiological health technician</p> <p>Article 2 of Resolution No. 1 of January 21, 1994, cardiovascular perfusion technician</p> <p>Article 2 of Resolution No. 2 of January 25, 1994, technician and assistant technician in medical information technology</p> <p>Article 2 of Resolution No. 4 of June 10, 1996, assistant technician in medical radiology</p> <p>Article 3 of Resolution No. 5 of June 10, 1996, by which the Ministry of Health recognizes the profession of emergency medical technician</p> <p>Article 3 of Resolution No. 1 of May 25, 1998, specialist in emergency surgery</p> <p>Article 3 of Resolution No. 2 of May 25, 1998, technician in human genetics</p> <p>Article 35 of Law No. 24 of January 29, 1963, creating the National Pharmaceutical Board and regulating pharmaceutical establishments</p> <p>Articles 11 and 20 of Law No. 45 of August 7, 2001, chemist</p> <p>Article 5 of Law No. 4 of January 23, 1956, creating the Technical Commission and regulating the professions of barber and cosmetologist, amended by Article 2 of Law No. 51 of January 31, 1963</p> <p>Articles 4 and 5 of Law No. 15 of January 22, 2003, orthopedic technology and traumatology</p> <p>Article 5 of Resolution No. 3 of August 26, 2004, medical physics</p> <p>Article 17 of Law No. 19 of June 5, 2007, water lifesaving</p> <p>Article 3 of Law No. 49 of December 5, 2007, community developer</p> <p>Article 5 of Law No. 31 of June 3, 2008, emergency medical technicians and professionals</p> <p>Article 3 of Law No. 28 of May 22, 2008, early stimulation and family orientation</p> <p>Article 5 of Law No. 53 of August 5, 2008, respiratory therapist</p>
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	<p>Article 5 of Law No. 17 of February 12, 2009, biological Sciences</p> <p>Article 5 of Law No. 52 of September 18, 2009, technical degree in gerontology</p> <p>Article 5 of Law No. 51 of July 14, 2003, profession of nuclear medicine technologist</p> <p>Article 89 of Executive Decree No. 82, 2008, on tourist guides</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <ol style="list-style-type: none"> <li>1. A person practicing a profession listed in the Measures of this Reservation must be a Panamanian national.</li> <li>2. Reciprocity or residence requirement applies as appropriate.</li> <li>3. Foreigners wishing to engage in providing services of tourist guides, with the exception of specialized tourist services, should have more than 5 years of residence in the country.</li> </ol>

<b>23. Sector:</b>	Business Services
<b>Sub-sector:</b>	Professional Services – Architects and Engineers
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Most-Favored-Nation Treatment (Article 10.3) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Articles 1, 2, 3, 4 and 24 of Law No.15 of January 26, 1959 Article 4 of Law No. 53 of February 4, 1963 Articles 1 and 3 of Decree 257 of September 3, 1965 Article 1 of Law No. 21 of June 20, 2007
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>1. Only a holder of a certificate of qualification issued by the Technical Board of Engineers and Architects may practice as an engineer or architect. The Technical Board may grant such a certificate to:</p> <ul style="list-style-type: none"> <li>(a) a Panamanian national;</li> <li>(b) a foreign national who is married to a Panamanian national or who is the parent of a child who is a Panamanian national; or</li> <li>(c) a foreign national licensed to practice in a jurisdiction that allows Panamanian nationals to practice as engineers or architects under the same conditions.</li> </ul> <p>2. The Technical Board may also authorize an enterprise to contract with an architect or engineer who is a foreign national for up to 12 months if there is no Panamanian qualified to supply the service in question. In that case, the enterprise must employ a qualified Panamanian national during the period of the contract who will replace the foreign national when the contract ends.</p> <p>3. Only an enterprise registered with the Technical Board may supply engineering or architectural services in Panama. To register:</p> <ul style="list-style-type: none"> <li>(a) the enterprise must have a corporate domicile in Panama, unless an international agreement provides otherwise; and</li> <li>(b) the persons employed by the enterprise who are responsible for supplying the services must be qualified to perform those services in Panama.</li> </ul>

<b>24. Sector:</b>	Communication Services
<b>Sub-sector:</b>	Telecommunication Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	<p>Law No. 17 of July 9, 1991  Law No. 5 of February 9, 1995  Law No. 31 of February 8, 1996  Executive Decree No. 73 of April 9, 1997  Executive Decree No. 21 of 1996  Regulation JD-025 of December 12, 1996  Regulation JD-080 of April 10, 1997  Concession Contract No. 30-A of February 5, 1996 between the State and BSC (Bell South Panama, S.A.)  Concession Contract No. 309 of October 24, 1997 between the State and Cable Wireless Panama, S.A  Executive Decree No. 58 of May 12, 2008  Concession Contract No. 10-2008 of May 27, 2008 between the State and Digicel Panama, S.A.  Concession Contract No. 11-2008 of May 27, 2008 between the State and Claro Panama, S.A.</p>
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Mobile services are provided exclusively by four operators who have been granted concessions by the State.</p>

<b>25. Sector:</b>	Communication Services
<b>Sub-sector:</b>	Telecommunication Services
<b>Obligations Concerned:</b>	Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 31 of February 8, 1996 Executive Decree No.73 of April 9, 1997
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  A telecommunication service supplied directly to users in Panama may only be supplied by a person domiciled in Panama.



<b>26. Sector:</b>	Trade Services; Hotel and Restaurant Services
<b>Sub-sector:</b>	Beverage Serving Services for Consumption on the Premises
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law No. 55 of July 10, 1973 Law No. 5 of January 11, 2007 Executive Decree No. 26 of July 12, 2007
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  A license will not be granted for the operation of a bar in a district in Panama when the number of existing bars in that district exceeds the proportion of one per one thousand inhabitants, according to the latest official population census.

<b>27. Sector:</b>	Recreational Services
<b>Sub-sector:</b>	Gambling and Betting Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 297 of the 1972 Political Constitution of the Republic of Panama
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Only the Government of Panama may operate games of luck and chance or other gambling activities in Panama.</p>

<b>28. Sector:</b>	Communication Services
<b>Sub-sector:</b>	Postal Services
<b>Obligations Concerned:</b>	Market Access (Article 10.4)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 301 of the Fiscal Code of the Republic of Panama approved by means of Law No.8 of January 27, 1956, modified by Law No. 20 of August 11, 1994
<b>Description:</b>	<u>Cross-Border Trade in Services</u> Only the Government of Panama may operate postal services in Panama.

<b>29. Sector:</b>	Ports and Airports
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Decree Law No. 7 of February 10, 1998 Law No. 23 of January 29, 2003
<b>Description:</b>	<u>Cross-Border Trade in Services</u>  The executive branch of the Government of Panama has the discretion to determine the number of concessions for national ports and airports and may require the concessionaire to appoint a legal representative in Panama.

## Annex II

### SCHEDULE OF PANAMA

#### EXPLANATORY NOTES

1. The Schedule of Panama to this Annex sets out, pursuant Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the specific sectors, subsectors or activities for which Panama may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence);
- (d) Article 9.9 (Performance Requirements);
- (e) Article 9.10 (Senior Management and Boards of Directors); or
- (f) Article 10.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Sub-Sector** refers to the specific sector in which the entry is made;
- (c) **Obligations Concerned** specifies the obligations referred to in paragraph 1 that, pursuant Articles 9.13 ((Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the sectors, subsectors or activities scheduled in the entry;
- (d) **Description** sets out the scope of the sector, subsector or activities covered by the entry; and
- (e) **Existing Measure** identifies, for transparency purposes, an existing measure applying to the sector, sub-sector or activities covered by the reservation.

3. In accordance with Articles 9.13.2 (Non-Conforming Measures) and 10.6.2 (Non-Conforming Measures), the articles of this Agreement specified in the obligations concerned element of a reservation, do not apply to the sectors, subsectors and activities identified in the Description element of that entry.

4. In the interpretation of a reservation all its elements will be considered. The Description element shall prevail over the other elements.

5. For the purposes of this Agreement, Panama understands that:

fishing and related activities in Panamanian jurisdictional waters shall not be considered service and therefore need not be listed in Annexes I and II with respect to the obligations of Chapter 10 (Cross-Border Trade in Services).

<b>1. Sector:</b>	Social Services
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Panama reserves the right to adopt or maintain a measure for providing law enforcement and correctional services, as well as the following services to the extent that they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health care or child care.

<b>2. Sector:</b>	Native Populations and Minorities
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Panama reserves the right to adopt or maintain a measure denying to foreign investors and their investments or to foreign service providers a right or privilege granted to minorities with social or economic disadvantages or native populations in their reservation areas.</p> <p>This includes the commitment of the Government of Panama in Decree No. 30 of February 22, 2011 to not initiate, promote, approve, the exploration and exploitation of mines in Cerro Colorado or in any other site within the jurisdiction of the Ngobe Bugle Region and other regions (Comarcas).</p>



<b>3. Sector:</b>	Issues Related to the Panama Canal
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>1. Panama reserves the right to adopt or maintain a measure related to the management, administration, operation, maintenance, conservation, modernization, exploitation, development or ownership of the Panama Canal and the reverted areas that restrict the rights of foreign investors and services providers.</p> <p>2. The Panama Canal includes the aquatic route proper, as well as its anchorages, dock berths and entrances; lands and marine, lacustrine and fluvial waters; locks; auxiliary dams; docks; and water control structures.</p> <p>3. The reverted areas under the administration of the Reversed Assets Administrative Office of the Ministry of Economic and Finances (former Inter-Oceanic Region Authority) include the lands, buildings and facilities and other goods that have reverted to the Republic of Panama according to the <i>Treaty of the Panama Canal</i> of 1977 and its Annexes (Torrijos-Carter Treaty).</p>

<b>4. Sector:</b>	All Sectors
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>1. Panama, when selling or disposing of equity interests or assets of an existing state enterprise or existing governmental entity reserves the right to prohibit or impose limitations on:</p> <ul style="list-style-type: none"> <li>(a) the provision of services;</li> <li>(b) ownership of such interests or assets;</li> <li>(c) technical capacity, financial capacity and experience of the owners of such interests or goods; and</li> <li>(d) to control foreign participation in any resulting company.</li> </ul> <p>2. In connection with the sale or other disposition, Panama may adopt or maintain any measure relating to the nationality of senior management or members of the Board.</p>

<b>5. Sector:</b>	Construction Services
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 10.2) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Cross-Border Trade in Services</u></p> <p>Panama reserves the right to adopt or maintain residency, registration or other local presence requirements, or to require a financial guarantee, provided that it is necessary to ensure compliance with Panamanian law and private contractual obligations.</p>

<b>6. Sector:</b>	Fisheries and Services Incidental to Fishing
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Most-Favored-Nation Treatment (Articles 9.4 and 10.3)
<b>Level of Government:</b>	Central
<b>Description:</b>	<u>Investment and Cross-Border Trade in Services</u>  Panama reserves the right to adopt or maintain a measure relating to requirements for investments in, ownership or control of, and operation of, vessels engaged in fishing and related activities in waters under Panamanian jurisdiction.

<b>7. Sector:</b>	All Sectors
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	Most-Favored-Nation Treatment (Articles 9.4 and 10.3)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>1. Panama reserves the right to adopt or maintain a measure that accords differential treatment to countries under a bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.</p> <p>2. Panama reserves the right to adopt or maintain a measure that accords differential treatment to Central American countries under any agreement of the Central American Integration in force or signed after the date of entry into force of this Agreement.</p> <p>3. Panama reserves the right to adopt or maintain a measure that accords differential treatment to countries under a bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement, involving:</p> <ul style="list-style-type: none"> <li>(a) aviation;</li> <li>(b) fisheries;</li> <li>(c) maritime matters, including salvage; or</li> <li>(d) railroad transportation.</li> </ul>

<b>8. Sector:</b>	Transport Services
<b>Sub-sector:</b>	Road Transport Services
<b>Obligations Concerned:</b>	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Boards of Directors (Article 9.10) Market Access (Article 10.4) Local Presence (Article 10.5)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>1. Panama reserves the right to adopt or maintain a measure that restricts the provision of services and investment related to scheduled passenger transportation, non-scheduled passenger transportation, rental services of commercial freight vehicles with operator, and bus terminal services.</p> <p>2. Cabotage by land within the borders of Panama is reserved for domestic carriers.</p>

<b>9. Sector:</b>	All Sectors
<b>Sub-sector:</b>	
<b>Obligations Concerned:</b>	National Treatment (Article 9.3) Performance Requirements (Article 9.9)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p><u>Investment</u></p> <p>Panama reserves the right to adopt, with respect to the establishment or acquisition of an investment, any measure that is necessary for the maintenance of public order according to the national regulations, provided that Panama promptly provides written notice to the other Party that it has adopted such a measure and that the measure:</p> <ul style="list-style-type: none"> <li>(a) is applied in accordance with the procedural requirements set out in applicable law;</li> <li>(b) is adopted or maintained only where the investment poses a genuine and sufficiently serious threat to the fundamental interests of society;</li> <li>(c) is not applied in an arbitrary or unjustifiable manner;</li> <li>(d) does not constitute a disguised restriction on investment; and</li> <li>(e) is proportional to the objective it seeks to achieve.</li> </ul>

## Annex III

### SCHEDULE OF PANAMA

#### EXPLANATORY NOTES

1. The Schedule of Panama to Annex III sets out, pursuant to Article 11.9 (Non-Conforming Measures), a schedule of the existing measures of Panama that do not conform to some or all of the obligations imposed by:

- (a) Article 11.2 (National Treatment);
- (b) Article 11.3 (Most-Favored-Nation Treatment);
- (c) Article 11.4 (Market Access for Financial Institutions);
- (d) Article 11.5 (Cross-Border Trade); or
- (e) Article 11.8 (Senior Management and Boards of Directors).

2. Each entry in the schedule of non-conforming measures described in paragraph 1 sets out the following elements:

- (a) **Sector** refers to the general sector for which the entry is made;
- (b) **Subsector** refers to the specific sector for which the entry is made;
- (c) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Article 11.9 (Non-Conforming Measures), shall not apply to the listed measure(s);
- (d) **Measures** identifies the laws, regulations, or other measures for which the entry is made. 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
- (e) **Description** provides a general, nonbinding description of the Measures.

3. In the interpretation of an entry in the schedule described in paragraph 1, all elements of the non-conforming measures listing shall be considered. A non-conforming measure shall be interpreted in the light of the relevant provisions of Chapter 11 (Financial Services) with respect to which the non-conforming measure is taken. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, if any, or a Specific Commitment from an Annex to



Chapter 11, the **Measures** element as so qualified shall prevail over all other elements; and

- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of the discrepancy.

4. Where Panama maintains a measure that requires that a service supplier be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a listing for that measure taken in Annex III with respect to Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), 11.4 (Market Access for Financial Institutions), or 11.5 (Cross-Border Trade) shall operate as a non-conforming measure with respect to Articles 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), and 9.9 (Performance Requirements) to the extent of that measure.

<b>1. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Banking Services and other financial services (excluding insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 11.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 53 of Executive Decree No. 52 of April 30, 2008
<b>Description:</b>	Panamanian branches of foreign banks must designate at least two general proxies, both of whom must be individuals who are residents of Panama. One of the two proxies must also be a Panamanian national.

<b>2. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Insurance companies Administrators of insurance enterprises Insurance brokers or agents
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Cross-Border Trade (Article 11.5) Senior Management and Board of Directors (Article 11.8)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 56, 58, 153, 166, 177, 181 of Law 12 of 2012
<b>Description:</b>	<p>Persons domiciled in the Republic of Panama must insure all property and persons located in Panama with insurance companies that are authorized to operate in Panama. The Superintendence of Insurance and Reinsurance, having verified that such insurance policies cannot be obtained from insurance carriers authorized to operate in Panama, may grant authorization to obtain them abroad and will record this authorization in the pertinent register.</p> <p>Panama agrees that, on entry into force of this Agreement, nationals and enterprises of the Korea may supply financial services described in Annex 11-A (Cross-Border Trade). For greater certainty, paragraph 1(c) of that Annex applies only with respect to the services indicated in paragraph 1(a) and (b) of the Annex that are supplied outside the territory of Panama.</p> <p>Only an individual described in the entry at I-PA-1 in Panama's Schedule to Annex I may be licensed as an insurance broker or agent in Panama.</p> <p>The legal representative of such an enterprise must be a Panamanian national licensed as an insurance broker in Panama.</p>

<b>3. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Reinsurance or Underwriting Entities Administrators of Reinsurance Reinsurance Brokers
<b>Obligations Concerned:</b>	National Treatment (Article 11.2) Senior Management and Boards of Directors (Article 11.8)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 10 of Law No. 63 of September 19, 1996
<b>Description:</b>	Companies authorized to engage in the reinsurance business must designate at least two general proxies, both of whom must be individuals who are residents of Panama. One of the two proxies must also be a national of Panama.

<b>4. Sector:</b>	Financial Services
<b>Sub-sector:</b>	Insurance and Banking
<b>Obligations Concerned:</b>	Cross-Border Trade (Article 11.5)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Article 4 of Decree 90-LEG of April 9, 2002 Article 111 of Law 56 of December 27, 1995
<b>Description:</b>	Only insurance companies and banks established in Panama that are in good standing with the Superintendence of Insurance or the Superintendence of Banks, as the case may be, may provide surety bonds or banking guarantees, respectively, that are associated with government procurement bids or contracts.