## Annex I

## Existing Non-Conforming Measures referred to in subparagraph 1(a) of Article 8

- 1. The Schedule of a Contracting Party sets out, pursuant to subparagraph 1(a) of Article 8, its existing measures that are not subject to some or all of the obligations imposed by:
  - (a) Article 2;
  - (b) Article 3;
  - (c) Article 6; or
  - (d) Article 7.
- 2. Each Schedule entry sets out the following elements:
  - (a) "Sector" refers to the sector for which the entry is made;
  - (b) "Sub-Sector", where referenced, refers to the specific sub-sector for which the entry is made;
  - (c) "Industry Classification", where referenced, and only for transparency purposes, refers to the activity covered by the non-conforming measure, according to domestic or international industry classification codes;
  - (d) "Obligations Concerned" specifies the obligations referred to in paragraph 1 that, pursuant to subparagraph 1(a) of Article 8, do not apply to 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" sets out the non-conforming measure or provides a general non-binding description of the measure for which the entry is made.

- 3. In the interpretation of an entry, all elements of the entry shall be considered. An entry shall be interpreted in the light of the relevant provisions of this Agreement against which the entry is taken, and the "Measures" element shall prevail over all the other elements.
- 4. For the purposes of this Annex, the term "JSIC" means Japan Standard Industrial Classification set out by the Ministry of Internal Affairs and Communications, and revised on October 30, 2013.

## Schedule of Japan

1 Sector: Agriculture, Forestry and Fisheries,

and Related Services (except

Fisheries within the Territorial Sea, Internal Waters, Exclusive Economic Zone and Continental Shelf provided

for in the entry No. 8 in the Schedule of Japan in Annex II)

Sub-Sector:

Industry JSIC 01 Agriculture

Classification:

JSIC 02 Forestry

JSIC 03 Fisheries, except

aquaculture

JSIC 04 Aquaculture

JSIC 6324 Agricultural

cooperatives

JSIC 6325 Fishery and fishery

processing cooperatives

JSIC 871 Agriculture, forestry

and fisheries cooperative

associations, n.e.c.

Obligations

Concerned:

National Treatment (Article 2)

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description:

The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in agriculture, forestry and fisheries, and related services (except fisheries within the territorial sea, internal waters, exclusive economic zone and continental shelf provided for in the entry No. 8 in the Schedule of Japan in Annex II) in Japan.

2 Sector: Finance

Sub-Sector: Banking

Industry JSIC 622 Banks, except central

Classification: bank

JSIC 631 Financial institutions

for small-businesses

Obligations Concerned:

National Treatment (Article 2)

Measures: Deposit Insurance Law (Law No. 34

of 1971), Article 2

Description: The deposit insurance system only

covers financial institutions which have their head offices within the

jurisdiction of Japan.

The deposit insurance system does not cover deposits taken by branches

of foreign banks.

3 Sector: Heat Supply

Sub-Sector:

Industry JSIC 3511 Heat supply

Classification:

Obligations National Treatment (Article 2)

Concerned:

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description: The prior notification requirement

under the Foreign Exchange and

Foreign Trade Law applies to foreign

investors who intend to make investments in the heat supply

industry in Japan.

4 Sector: Information and Communications

Sub-Sector: Telecommunications

Industry JSIC 3700 Head offices primarily

Classification: engaged in managerial

operations

JSIC 3711 Regional

telecommunications, except wired broadcast

telephones

JSIC 3731 Services incidental to

telecommunications

Obligations Concerned:

National Treatment (Article 2)

Senior Management and Board of Directors (Article 7)

Measures:

Law concerning Nippon Telegraph and Telephone Corporation, etc. (Law No. 85 of 1984), Articles 6 and 10

Description:

- 1. Nippon Telegraph and Telephone Corporation may not enter the name and address in its register of shareholders if the aggregate of the ratio of the voting rights directly and/or indirectly held by the persons set forth in subparagraphs (a) through (c) reaches or exceeds one-third:
- (a) a natural person who does not have Japanese nationality;
- (b) a foreign government or its representative; and
- (c) a foreign legal person or a foreign entity.
- 2. Any natural person who does not have Japanese nationality may not assume the office of member of the board of directors or auditor of Nippon Telegraph and Telephone Corporation, Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation.

5 Sector: Information and Communications

Sub-Sector: Telecommunications and Internet

Based Services

Industry JSIC 3711 Regional

Classification: telecommunications,

except wired broadcast

telephones

JSIC 3712 Long-distance

telecommunications

JSIC 3719 Miscellaneous fixed

telecommunications

JSIC 3721 Mobile

telecommunications

JSIC 401 Services incidental to

Internet

Note: The activities covered by

this entry under JSIC 3711, 3712, 3719, 3721 or 401 are limited to the activities which are subject to the registration obligation under Article 9 of the Telecommunications Business

Law (Law No. 86 of 1984).

Obligations Concerned:

National Treatment (Article 2)

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description: The prior notification requirement

under the Foreign Exchange and

Foreign Trade Law applies to foreign

investors who intend to make

investments in telecommunications business and internet based services

in Japan.

6 Manufacturing Sector:

Sub-Sector: Drugs and Medicines Manufacturing

JSIC 1653 Biological preparations Industry

Classification:

Obligations National Treatment (Article 2) Concerned:

Foreign Exchange and Foreign Measures:

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description: The prior notification requirement

under the Foreign Exchange and

Foreign Trade Law applies to foreign

investors who intend to make investments in biological

preparations manufacturing industry in Japan. For greater certainty,

"biological preparations

manufacturing industry" deals with economic activities in an

establishment which mainly produces vaccine, serum, toxoid, antitoxin or some preparations similar to the aforementioned products, or blood

products.

7 Sector: Manufacturing

Sub-Sector: Leather and Leather Products

Manufacturing

Industry JSIC 1189 Textile apparel and Classification: accessories, n.e.c.

JSIC 1694 Gelatine and adhesives

JSIC 192 Rubber and plastic footwear and its

findings

JSIC 2011 Leather tanning and

finishing

JSIC 2021 Mechanical and

industrial leather

products, except gloves

and mittens

JSIC 2031 Cut stock and findings

for leather footwear

JSIC 2041 Leather footwear

JSIC 2051 Leather gloves and

mittens

JSIC 2061 Baggage

JSIC 207 Handbags and small

cases

JSIC 2081 Fur skins

JSIC 2099 Miscellaneous tanning

leather products

JSIC 3253 Sporting and athletic

goods

Note 1: The activities covered by this entry under JSIC 1189 or 3253 are limited to the

activities related to leather and leather products manufacturing.

Note 2: The activities covered by this entry under JSIC 1694

are limited to the activities related to animal glue (nikawa) and gelatine manufacturing.

Obligations Concerned:

National Treatment (Article 2)

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description: The prior notification requirement

under the Foreign Exchange and

Foreign Trade Law applies to foreign

investors who intend to make

investments in leather and leather products manufacturing industry in

Japan.

8 Sector: Matters Related to the Nationality

of a Ship

Sub-Sector:

Industry

Classification:

Obligations

Concerned:

National Treatment (Article 2)

Senior Management and Board of

Directors (Article 7)

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

Article 1

Description: The Japanese nationality shall be

given to a ship whose owner is a Japanese national, or a company established under Japanese laws and

regulations, of which all the representatives and not less than

two-thirds of the executives administering the affairs are

Japanese nationals.

9 Sector: Mining

Sub-Sector:

Mining and quarrying of stone and gravel Industry JSIC 05

Classification:

Obligations National Treatment (Article 2)

Concerned:

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

Description: Only a Japanese national or a

Japanese legal person may have mining rights or mining lease

rights.

10 Sector:	Oil	Industry
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Concerned:

Sub-Sector:			
Industry Classification:	JSIC 05	3	Crude petroleum and natural gas production
	JSIC 17	11	Petroleum refining
	JSIC 17	21	Lubricating oils and greases (not made in petroleum refineries)
	JSIC 17		Paving materials
	JSIC 17	99	Miscellaneous petroleum and coal products
	JSIC 4711		Ordinary warehousing, except refrigerated warehousing
	JSIC 47	21	Refrigerated warehousing
	JSIC 53	31	Petroleum
	JSIC 60	51	Gasoline stations
	JSIC 60	52	Fuel stores, except gasoline stations
	JSIC 92	99	Miscellaneous business services, n.e.c.
	Note 1:	thi 179 are	e activities covered by sentry under JSIC 1741, 29, 4711, 4721 or 6052 e limited to those ated to oil industry.
	Note 2:	thi are rel	e activities covered by sentry under JSIC 9299 e limited to those ated to liquefied croleum gas industry.
Obligations Concerned:	Nationa	l Tre	atment (Article 2)

Measures:

Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description:

The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in the oil industry in Japan. All organic chemicals such as ethylene, ethylene glycol and polycarbonates are outside the scope of the oil industry. Therefore, the prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in

the manufacture of these products.

11 Sector: Security Guard Services

Sub-Sector:

JSIC 923 Guard services Industry

Classification:

Obligations National Treatment (Article 2)

Concerned:

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

The prior notification requirement Description:

under the Foreign Exchange and Foreign Trade Law applies to foreign

investors who intend to make investments in security guard

services in Japan.

Sub-Sector: Air Transport

Industry JSIC 4600 Head offices primarily

Classification: engaged in managerial

operations

JSIC 4611 Air transport

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Senior Management and Board of

Directors (Article 7)

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Civil Aeronautics Law (Law No. 231

of 1952), Chapters 7 and 8

Description:

- 1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in air transport business in Japan.
- 2. Permission of the Minister of Land, Infrastructure, Transport and Tourism for conducting air transport business as a Japanese air carrier is not granted to the following natural persons or entities applying for the permission:
- (a) a natural person who does not have Japanese nationality;
- (b) a foreign country, or a foreign
   public entity or its
   equivalent;

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

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

- 3. A Japanese air carrier or a company having substantial control over such air carrier, such as a holding company, may reject the request from a natural person or an entity set forth in subparagraphs 2(a) through 2(c), who owns equity investments in such air carrier or company, to enter its name and address in the register of shareholders, in the event that such air carrier or company becomes a legal person referred to in subparagraph 2(d) by accepting such request.
- 4. Foreign air carriers are required to obtain permission of the Minister of Land, Infrastructure, Transport and Tourism to conduct international air transport business.

- 5. Permission of the Minister of Land, Infrastructure, Transport and Tourism is required for the use of foreign aircraft for air transportation of passengers or cargoes to and from Japan for remuneration.
- 6. A foreign aircraft may not be used for a flight between points within Japan.

Sub-Sector: Air Transport

Industry JSIC 4600 Head offices primarily

Classification: engaged in managerial

operations

JSIC 4621 Aircraft service,

except air transport

Obligations Concerned:

National Treatment (Article 2)

Senior Management and Board of

Directors (Article 7)

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Civil Aeronautics Law (Law No. 231

of 1952), Chapters 7 and 8

Description:

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

- 2. Permission of the Minister of Land, Infrastructure, Transport and Tourism for conducting aerial work business is not granted to the following natural persons or entities applying for the permission:
- (a) a natural person who does not have Japanese nationality;
- (b) a foreign country, or a foreign
   public entity or its
   equivalent;
- (c) a legal person or other entity
   constituted under the laws of
   any foreign country; and

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

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

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

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

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Senior Management and Board of Directors (Article 7)

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

Description:

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

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

> Sub-Sector: Freight Forwarding Business

(excluding Freight Forwarding Business Using Air Transportation)

Industry

JSIC 4441 Collect-and-deliver Classification:

freight transport

JSIC 4821 Freight transport,

except collect-and-

deliver freight

transport

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Senior Management and Board of

Directors (Article 7)

Freight Forwarding Business Law Measures:

(Law No. 82 of 1989), Chapters 2

through 4

Enforcement Regulation of Freight Forwarding Business Law (Ministerial

Ordinance of the Ministry of

Transport No. 20 of 1990)

Description:

The following natural persons or entities are required to be registered with, or to obtain permission or approval of, the Minister of Land, Infrastructure, Transport and Tourism for conducting freight forwarding business using

international shipping. Such registration shall be permitted, or such permission or approval shall be

granted, on the basis of

reciprocity:

a natural person who does not have Japanese nationality;

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

equivalent;

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

Sub-Sector: Freight Forwarding Business (only

Freight Forwarding Business Using

Air Transportation)

Industry
Classification:

JSIC 4441 Collect-and-deliver

freight transport

JSIC 4821 Freight transport,

except collect-and-

deliver freight

transport

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Senior Management and Board of

Directors (Article 7)

Measures: Freight Forwarding Business Law

(Law No. 82 of 1989), Chapters 2

through 4

Enforcement Regulation of Freight

Forwarding Business Law (Ministerial

Ordinance of the Ministry of Transport No. 20 of 1990)

Description:

1. The following natural persons or entities may not conduct freight

forwarding business using air

transportation between points within

Japan:

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

(b) a foreign country, or a foreign

public entity or its

equivalent;

(c) a legal person or other entity constituted under the laws of

any foreign country; and

- (d) a legal person represented by
   the natural persons or entities
   referred to in subparagraph
   (a), (b) or (c); a legal person
   of which one-third or more of
   the directors are composed of
   the natural persons or entities
   referred to in subparagraph
   (a), (b) or (c); or a legal
   person of which one-third or
   more of the voting rights are
   held by the natural persons or
   entities referred to in
   subparagraph (a), (b) or (c).
- 2. The natural persons or entities referred to in paragraph 1 are required to be registered with, or to obtain permission or approval of, the Minister of Land, Infrastructure, Transport and Tourism for conducting freight forwarding business using international air transportation. Such registration shall be permitted, or such permission or approval will be granted, on the basis of reciprocity.

Sub-Sector: Railway Transport

Industry JSIC 421 Railway transport

Classification:

JSIC 4851 Railway facilities

services

Obligations National Treatment (Article 2) Concerned:

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description:

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

2. The manufacture of vehicles or parts and components for the railway transport industry is not included in railway transport industry. Therefore, the prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the

manufacture of these products.

Sub-Sector: Road Passenger Transport

Industry JSIC 4311 Common omnibus

Classification: operators

Obligations National Treatment (Article 2) Concerned:

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description: 1. The prior notification requirement under the Foreign

requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in

omnibus industry in Japan.

2. The manufacture of vehicles or parts and components for omnibus industry is not included in omnibus industry. Therefore, the prior notification under the Foreign

Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.

Sub-Sector: Water Transport

Industry JSIC 452 Coastwise transport

Classification:

JSIC 453 Inland water transport

JSIC 4542 Coastwise ship leasing

Obligations National Treatment (Article 2) Concerned:

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description: The prior notification requirement

under the Foreign Exchange and

Foreign Trade Law applies to foreign

investors who intend to make

investments in the water transport industry in Japan. For greater certainty, "water transport

certainty, "water transport industry" refers to oceangoing/ seagoing transport, coastwise transport (i.e. maritime transport

between ports in Japan), inland water transport and ship leasing industry. However, oceangoing/ seagoing transport industry and ship

seagoing transport industry and ship leasing industry excluding coastwise ship leasing industry are exempted

from the prior notification

requirement.

Sub-Sector: Water Transport

Industry

Classification:

Obligations

National Treatment (Article 2)

Concerned:

Most-Favored-Nation Treatment

(Article 3)

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

Article 3

Description: Unless otherwise specified in laws

and regulations of Japan, or

international agreements to which Japan is a party, ships not flying the Japanese flag are prohibited from entering ports in Japan which are not open to foreign commerce and from carrying cargoes or passengers

between ports in Japan.

21 Sector: Water Supply and Waterworks

Sub-Sector:

Industry JSIC 3611 Water for end users,

Classification: except industrial users

Obligations National Treatment (Article 2) Concerned:

Measures: Foreign Exchange and Foreign

Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Article 3

Description: The prior notification requirement

under the Foreign Exchange and

Foreign Trade Law applies to foreign

investors who intend to make investments in water supply and waterworks industry in Japan.

## Schedule of the State of Israel

1 Sector: Veterinary Medicine

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Measures:

Veterinarians Law, 1991, Articles 5

and 17

Description:

- 1. Nationality or permanent residency of the State of Israel (hereinafter referred to in this Schedule as "Israel") is required for licensure as a veterinarian.
- 2. Foreign veterinarians, who are not nationals or permanent residents of Israel, shall obtain a permit from the Ministry of Agriculture for advising, teaching and research in veterinary medicine.

2 Sector: Transportation

Sub-Sector: Motor Vehicle

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Measures:

Supervision Order on Commodities and Services (Imports of Motor Vehicle and Services to Motor Vehicle), 1978, Article 3

Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, Articles 2, 20, 41, 42, 44, 68, 97, 98, 136, 143 and 149

Companies Law, 1999, Article 1

Description:

- 1. License is required in order to commercially import motor vehicles. The director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, of a corporation applying for licensure, shall be nationals or permanent residents of Israel.
- 2. License is required in order to manufacture and market motor vehicles or to trade in motor vehicles and the license holder must be:
- (a) a national or permanent resident of Israel who is a sole proprietor; or
- (b) a registered corporation in Israel whose director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, are nationals or permanent residents of Israel.

- 3. License is required in order to brokerage in motor vehicle private import and the license holder must be:
- (a) a national or permanent resident of Israel who is a sole proprietor; or
- (b) an employee of a registered corporation in Israel whose director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, are nationals or permanent residents of Israel.
- 4. License is required in order to manufacture traffic products, as defined in Article 2 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, and the license holder must be:
- (a) a sole proprietor; or
- (b) a registered corporation in Israel the director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, of which are nationals or permanent residents of Israel.
- 5. Israel may determine that certain traffic products, as defined in Article 97 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, are made for marketing in the Israeli market alone.
- 6. Nationality or permanent residency of Israel is required for licensure as a motor vehicle appraiser.

- 7. Nationality or permanent residency of Israel is required for licensure as a professional manager of a motor vehicle service center (garage) and at least one licensed professional manager is required to be available on the premises in order to operate a motor vehicle garage.
- "Traffic Product" as Note 1: defined in Article 2 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, is an accessory, a part, system of parts, an appliance with the exception of an appliance that is a work tool used by garages or manufacturers only, a device or substance that is a liquid, solid or gas, that is used or designed to be used for assembly, maintenance or the proper operation of a motor vehicle or for ensuring the safety of a motor vehicle or for ensuring user safety or for his convenience.
- Note 2: For the purposes of this Schedule, it is understood that director general is an equivalent position to chief executive officer.
- Note 3: For the purposes of this Schedule, "interested party", as defined in Article 1 of the Companies Law, 1999, is:
- (a) a substantial shareholder;
- (b) a person with the power to appoint one or more members of the board of directors or the director general; or

(c) a person who serves in the enterprise as a member of the board of directors or as a director general.

3 Sector: Transportation

Sub-Sector: Driving Licenses and Road Transport

Services, including Passenger Transportation Services and Motor Vehicle Mechanics Safety Officer

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Measures: Road Transport Regulations, 1961, Articles 175-190, 213-213H, 216,

221, 221A, 247, 251, 531, 567, 567B

and 582

Road Transport Ordinance, Article 14

Supervision Order on Commodities and Services (Purchase, Installation and Maintenance of Taxi Meters), 1984

Companies Law, 1999, Article 1

- 1. Nationality or permanent residency of Israel is required to obtain certain types of driving licenses, in accordance with Articles 175-185, 189 and 190 of Road Transport Regulations, 1961.
- 2. Nationality or permanent residency of Israel is required for licensure as a driving instructor.
- 3. Nationality or permanent residency of Israel is required for licensure as a taxi operator.

- 4. Nationality or permanent residency of Israel is required for an individual working in installation or maintenance of taxi meters and an enterprise operating in installation or maintenance of taxi meters must have at least one interested party, as defined in Article 1 of the Companies Law, 1999, who is a national or permanent resident of Israel.
- 5. Nationality or permanent residency of Israel is required for authorization to work as a motor vehicle mechanics safety officer.

Sector: Transportation

Sub-Sector: Road Haulage Services

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Freight Services Regulations, 2001, Articles 2 and 24 Measures:

Law of Transport Services, 1997

Description: Individuals applying for a

haulage license and the operator of the haulage shall be nationals or permanent residents of Israel.

The professional manager of haulage shall be a national or permanent resident of Israel.

5 Sector: Transportation

Sub-Sector: Maritime Transport

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Measures: Shipping Law (Sea Vessel), 1960

Ports Ordinance, 1971

Ports Regulations (Safety of

Navigation), 1982

Shipping Law (Seafarers), 1973

Maritime Regulations (Seafarers),

2002

Maritime Regulations (Seafarers) (Staffing of Vessels and Tugboats with Israeli Seafarers), 2016

Shipping and Ports Authority Law,

2004

Shipping Law (Foreign Sea Vessel under Israeli Control), 2005

- 1. In order to register in the Israeli vessel registry and carry an Israeli flag, a majority ownership of a vessel by a national of Israel or an enterprise incorporated in Israel or by Israel is required ("Israeli Vessel").
- 2. A foreign vessel that is controlled by a national or permanent resident of Israel or by an enterprise incorporated in Israel shall be registered in Israel in accordance with Shipping Law (Foreign Sea Vessel under Israeli Control), 2005 ("Foreign Vessel").

- 3. Israeli seafarers are required in order to operate an Israeli vessel or a foreign vessel referred to in paragraph 2.
- 4. Seafarer certificate requires nationality of Israel. Providing a certificate to non-residents is subject to prior approval by the Administrator of Shipping and Ports.

6 Sector: Transportation

Sub-Sector: Air Transport and Air Cabotage

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Measures: Air Navigation Law, 2011

Aviation Services Licensing Law,

1963

Airports Authority Law, 1977

Air Navigation Regulations

(Operating of Aircraft and Rules of

Flight), 1981

Description:

1. A license to operate an Israeli airline or aircraft is given to:

- (a) a permanent resident of Israel
   with no main business
   operations outside of Israel;
- (b) a national of Israel with a main business operations in Israel; or
- (c) an enterprise incorporated in Israel which is directly controlled by a national or permanent resident of Israel or by an enterprise whose control and ownership is in accordance with an international aviation treaty that Israel is a party to.
- 2. Air cabotage is operated by Israeli aircrafts only.

7 Sector: Electronic Signature

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Measures: Electronic Signature Law, 2001,

Articles 11 and 22

Description:

1. Registration as a "foreign issuer of electronic certificate" may be subject to additional conditions as set out in the Electronic Signature Law, 2001.

2. Registration as an issuer of electronic certificate other than a "foreign issuer of electronic certificate" requires to be a national or permanent resident of

Israel or an enterprise incorporated in Israel and having its main

operations and center of business in

Israel.

8 Sector: Tourism

Sub-Sector:

Industry

Classification:

Obligations Prohibition of Performance Concerned: Requirements (Article 6)

Measures: Tourism Services Regulation (Tour

Guides), 1967, Article 2

Tourism Services Law, 1976,

Article 3

Description: Nationality or permanent residency

of Israel is required for licensure

as a tour guide.

9 Sector: Agriculture

Sub-Sector: Fishery

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Measures: Fishery Regulation, 1937,

Articles 2-3

Description: Issuance, continuation and amendment

of fishery license require

authorization by the Ministry of Agriculture. Israel reserves the right not to issue a fishery license for foreign nationals or enterprises

under Fishery Regulation, 1937.

10 Sector: Communications

Sub-Sector: Domestic Fixed Line Services,

International Communications Services and Radio and Mobile

Telephone Services

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Senior Management and Board of

Directors (Article 7)

Measures: Communications Regulations (Telecommunications and

Broadcasting) (Procedures and Conditions for Obtaining a General

License for the Provision of

Domestic Fixed-Line

Telecommunication Services), 2000,

Article 11

Communication Law

(Telecommunications and

Broadcasting), 1982, Articles 4-4H

and 6-7

Communications Regulations (Telecommunications and

Broadcasting) (Procedures and

Conditions for Obtaining a Unified General License), 2010, Article 10

Description:

1. In an enterprise supplying domestic fixed line services:

- (a) foreign holding is limited to 80 percent;
- (b) 75 percent of the members of the board of directors shall be nationals of Israel who are residents of Israel; and
- (c) the director general shall be a national of Israel who is a resident of Israel.

- 2. In an enterprise supplying international communications services:
- (a) foreign holding is limited to 74 percent;
- (b) majority of the members of the board of directors shall be nationals of Israel who are residents of Israel;
- (c) the director general shall be a national of Israel who is a resident of Israel; and
- (d) the enterprise shall be incorporated in Israel and have its main operations and center of business in Israel.
- 3. In an enterprise supplying radio and mobile telephone services:
- (a) foreign holding is limited to 80 percent;
- (b) majority of the members of the board of directors shall be nationals of Israel who are residents of Israel; and
- (c) the enterprise shall be incorporated in Israel and have its main operations and center of business in Israel.

11 Sector: Communications

Sub-Sector: Broadcasting

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Measures: Broadcasting Authority Law, 1965,

Articles 44C-44F

Communication Law

(Telecommunications and

Broadcasting), 1982, Articles 4-4H

and 6-7

Communications Regulations (Terms

and Conditions for Satellite Broadcasting License), 1998,

Articles 13, 20 and 21

Second Authority for Television and Radio Law, 1990, Articles 41 and 59

Public Broadcasting Law, 2014,

Article 64

Description:

1. In an enterprise that holds a license for cable broadcasting at least 26 percent of the means of control in the enterprise shall be held by nationals of Israel who are residents of Israel. The license shall not be granted to an

enterprise in which a foreign government holds shares, but the Minister of Communications may authorize an indirect holding in the

licensee of up to 10 percent by such

an enterprise.

2. In an enterprise that holds a license for satellite broadcasting:

- (a) at least 26 percent of the means of control in the enterprise shall be held by nationals of Israel who are residents of Israel;
- (b) its main operations and center
   of business are located in
   Israel;
- (c) a majority of its members of the board of directors and any persons in equivalent positions shall be nationals of Israel who are residents of Israel; and
- (d) its director general or any persons in equivalent management position shall be a national of Israel who is a resident of Israel.
- 3. At least 51 percent of the means of control in a holder of a concession for operating commercial television broadcasting or regional radio broadcasting must be held by nationals of Israel who are residents of Israel.
- 4. In television broadcasting, including satellite and cable broadcasting, each broadcasting enterprise operating under license or concession is committed to spend a certain amount of its annual budget for local production, as defined in the legislation listed in the "Measures" element and to broadcast it.

12 Sector: Legal Services

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Measures: Bar Association Law, 1961, Articles 20, 42 and 98-98M

Description: 1. A branch of a foreign law firm may be established in Israel only if

it employs either at least one Israeli licensed lawyer or one foreign lawyer, as defined in the Bar Association Law, 1961, and

subject to the conditions set forth

therein.

2. Nationality, permanent

residency or temporary residency of Israel is required for licensure as

an Israeli lawyer.

13 Sector: Investigation Services

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Measures: Private Investigators and Security

Services Law, 1972, Articles 4,

9-11 and 13

Description: 1. Nationality or permanent

residency of Israel is required for licensure as a private investigator.

2. Ownership of an investigation enterprise may be held only by a licensed private investigator.

14 Sector: Financial Services

Sub-Sector: Tax Consultant, Customs Agent, Insurance, Non-Banking Credit

Institutions, Acceptance of Deposits and Other Repayable Funds from the

Public, Payment Services

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Senior Management and Board of

Directors (Article 7)

Measures: Customs Agents Law, 1964, Article 4

Supervision of Financial Services Law (Consultancy, Marketing and Clearing for Pension), 2005,

Articles 5 and 6

Regulation of Representation by Tax Consultants Law, 2005, Article 10

Supervision of Financial Services Law (Regulated Financial Services), 2016

- 1. Nationality or permanent residency of Israel is required for licensure as a tax consultant.
- 2. Nationality or permanent residency of Israel is required for licensure as a customs agent.
- 3. Nationality or permanent residency of Israel is required for licensure as a pension insurance consultant or agent.

- 4. Individual suppliers and individual licensees of financial services in the following subsectors shall be nationals or permanent residents of Israel and an enterprise which is a licensee of financial services in the following subsectors shall appoint at least one position holder who is a national or permanent resident of Israel:
- (a) non-banking credit services;
- (b) acceptance of deposits and other repayable funds from the public including keeping and management of financial assets; and
- (c) payment services including remittance and currency conversion.

Note: For the purposes of this Schedule, except for entry No. 16, "position holder" is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999.

15 Sector: Financial Services

Sub-Sector: Settlement and Clearing Services

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Measures: Securities Law, 1968

By-Laws of the Tel-Aviv Stock Exchange Clearing House Ltd., Part One, Chapter 2, Article 2

- 1. Settlement and clearing services for the Tel-Aviv Stock Exchange (TASE) must be supplied through an enterprise which is a member of TASE and incorporated in Israel.
- 2. Foreign TASE membership (remote membership) is possible when meeting relevant regulatory requirements.
- 3. Remote members of the TASE cannot supply settlement and clearing services for the TASE.

16 Sector: Postal, Courier and Financial

Services

Sub-Sector:

Industry

Classification:

Obligations Concerned:

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Measures: Post Law, 1986, Articles 1-1H, 5A-5C

and 88-88U

Israel Postal Company Ltd. General

License, 2015, Article 42 and

Appendix c

Description: Majority of the members of the board

of directors and position holders as

defined in Appendix c to Israel

Postal Company Ltd. General License,

2015, in a licensee operating postal, courier and financial services under the Israel Postal Company Ltd. General License, 2015, shall be nationals of Israel who are

residents of Israel and hold a

security clearance.

17 Sector: Land Survey

Sub-Sector:

Industry

Classification:

Obligations

Concerned:

National Treatment (Article 2)

Land Surveyors Regulations, 1982, Measures:

Article 3

Survey Ordinance, 1929, Article 3

Israeli nationality is required for licensure as a land surveyor. Description:

Sub-Sector:

Industry
Classification:

Obligations Senior Management and Board of

Concerned: Directors (Article 7)

Measures: Companies Law, 1999, Articles 239

and 240

Description: A public enterprise or an enterprise

that has issued debt securities to the public (hereinafter referred to as "debenture enterprise") shall appoint on its board of directors at least two outside directors who are nationals or permanent residents of Israel. However, a public enterprise or a debenture enterprise whose

shares or debt, or part of them, were offered to the public outside Israel, or that is registered in a stock exchange outside Israel, may appoint outside directors who are not nationals or permanent residents

of Israel.

Sub-Sector:

Industry
Classification:

Obligations Concerned:

Prohibition of Performance Requirements (Article 6)

Measures: Bankruptcy Ordinance, 1980

Companies Law, 1999, Articles 350-

351

Companies Ordinance, 1983

- 1. When an investor or an investment is declared bankrupt or insolvent and subject to debt restructuring proceedings, Israel may demand a transfer of technology, a production process or other proprietary knowledge to the extent necessary for the proceedings.
- 2. When an investor or an investment is party to a license contract, as referred to in subparagraph 1(h) of Article 6 of this Agreement, with an enterprise or individual which is declared bankrupt or insolvent and subject to debt restructuring proceedings, Israel may require the continuation of a duration of the license contract and the cancelation or rejection thereof.

Sub-Sector:

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Measures: Law for Hazardous Substances, 1993

Law for the Prevention of Asbestos Hazards and Damaging Dust, 2011

Law of Environmental Treatment of Electrical and Electronic Equipment and Batteries, 2012

Water Law, 1959

Hazardous Substances Regulations (Import and Export of Hazardous Substances), 1994

Law for the Regulation of the Practice of Pest Control, 2016

Law for the Treatment of Packing Material, 2011

- 1. Nationality or permanent residency of Israel is required for hazardous substances handler permit.
- 2. A refuse disposal enterprise for environmental treatment of electrical and electronic equipment and batteries shall employ only nationals or permanent residents of Israel.
- 3. Nationality or permanent residency of Israel is required for licensure as a pest exterminator.
- 4. Nationality or permanent residency of Israel is required to obtain a permit for collection and treatment of asbestos.

- 5. At least one employee of an asbestos contractor, that performs dismantling and removal of asbestos, shall be a national or permanent resident of Israel.
- 6. Export of packaging material waste is limited to 20 percent of the recycling objective in accordance with the Law for the Treatment of Packing Material, 2011.
- 7. Obtainment of permit for export of hazardous substances requires authorization by the Ministry of Environmental Protection.

21 Sector: Employment Contractors Services

Sub-Sector: Building Cleaning Services

Industry

Classification:

Obligations Senior Management and Board of

Concerned: Directors (Article 7)

Measures: Law of Employment of Workers by

Private Employment Contractors, 1996

Companies Law, 1999, Article 1

Description: A private employment contractor

enterprise for employment of workers in the building cleaning services shall appoint at least one position

holder who is a national or permanent resident of Israel.

## Annex II Non-Conforming Measures referred to in paragraph 2 of Article 8

- 1. The Schedule of a Contracting Party sets out, pursuant to paragraph 2 of Article 8, the specific sectors, subsectors or activities for which that Contracting Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:
  - (a) Article 2;
  - (b) Article 3;
  - (c) Article 6; or
  - (d) Article 7.
- 2. Each Schedule entry sets out the following elements:
  - (a) "Sector" refers to the sector for which the entry is made;
  - (b) "Sub-Sector", where referenced, refers to the specific sub-sector for which the entry is made;
  - (c) "Industry Classification", where referenced, and only for transparency purposes, refers to the activity covered by the non-conforming measure, according to domestic or international industry classification codes;
  - (d) "Obligations Concerned" specifies the obligations referred to in paragraph 1 that, pursuant to paragraph 2 of Article 8, do not apply to the sectors, sub-sectors or activities listed in the entry;
  - (e) "Description" sets out the scope or nature of the sectors, sub-sectors or activities covered by the entry; and
  - (f) "Existing Measures", where specified, identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, sub-sectors or activities covered by the entry.
- 3. In the interpretation of an entry, all elements of the entry shall be considered. The "Description" element shall prevail over all other elements.

- 4. For the purposes of this Annex:
  - (a) the term "JSIC" means Japan Standard Industrial Classification set out by the Ministry of Internal Affairs and Communications, and revised on October 30, 2013; and
  - (b) the term "CPC" means Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991).

Schedule of Japan

1 Sector: All

Sub-Sector:

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Senior Management and Board of Directors (Article 7)

Description:

When transferring or disposing of its equity interests in, or the assets of, a state enterprise or a governmental entity, Japan reserves the right to:

- (a) prohibit or impose limitations on the ownership of such interests or assets by investors of the State of Israel or their investments;
- (b) impose limitations on the ability of investors of the State of Israel or their investments as owners of such interests or assets to control any resulting enterprise; or
- (c) adopt or maintain any measure relating to the nationality of executives, managers or members of the board of directors of any resulting enterprise.

Sub-Sector:

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Senior Management and Board of

Directors (Article 7)

Description:

In the event where the supply of telegraph services, postal services are betting and gambling services, manufacture of tobacco products, manufacture of Bank of Japan notes and minting and sale of coinage in Japan, which are restricted to

designated enterprises or governmental entities, are

liberalized to those other than the

designated enterprises or

governmental entities, or in the

event where such designated

enterprises or governmental entities

no longer operate on a non-

commercial basis, Japan reserves the

right to adopt or maintain any

measure related to those activities.

Sub-Sector:

Industry
Classification:

Obligations Concerned:

Most-Favored-Nation Treatment

(Article 3)

Description:

Japan reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral agreement involving:

(a) aviation;

(b) fisheries; or

(c) maritime matters, including salvage.

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Description: National Treatment and Most-Favored-

Nation Treatment may not be accorded to investors of the State of Israel and their investments with respect

to subsidies.

5 Sector: Aerospace Industry

Aircraft Industry Sub-Sector:

Space Industry

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Japan reserves the right to adopt or

maintain any measure relating to the investment in aircraft industry and

space industry.

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

Articles 27 and 30

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Articles 3 and 5

6 Sector: Arms and Explosives Industry

Sub-Sector: Arms Industry

Explosives Manufacturing Industry

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Japan reserves the right to adopt or

maintain any measure relating to the investment in the arms industry and explosives manufacturing industry.

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

Articles 27 and 30

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Articles 3 and 5

7 Sector: Energy

> Electricity Utility Industry Sub-Sector:

> > Gas Utility Industry

Nuclear Energy Industry

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Japan reserves the right to adopt or Description:

> maintain any measure relating to investment in the energy industry listed in the "Sub-Sector" element.

Existing Foreign Exchange and Foreign Measures:

Trade Law (Law No. 228 of 1949),

Articles 27 and 30

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261

of 1980), Articles 3 and 5

8 Fisheries Sector:

> Sub-Sector: Fisheries within the Territorial

Sea, Internal Waters, Exclusive

Economic Zone and Continental Shelf

Industry Classification: JSIC 031 Marine fisheries

Inland water fisheries JSIC 032

JSIC 041 Marine aquaculture

JSIC 042 Inland water aquaculture

JSIC 8093 Recreational fishing

guide business

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

Japan reserves the right to adopt or maintain any measure relating to investment in fisheries in the territorial sea, internal waters, exclusive economic zone and continental shelf of Japan.

For the purposes of this entry, the term "fisheries" means the work of taking and cultivation of aquatic resources, including the following fisheries related activities:

- investigation of aquatic (a) resources without taking such resources;
- (b) luring of aquatic resources;
- preservation and processing of (C) fish catches;

- (d) transportation of fish catches
   and fish products; and
- (e) provision of supplies to other vessels used for fisheries.

## Existing Measures:

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

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

Law for Regulation of Fishing Operation by Foreign Nationals (Law No. 60 of 1967), Articles 3, 4 and 6

Law concerning the Exercise of Sovereign Rights concerning Fisheries in the Exclusive Economic Zones (Law No. 76 of 1996), Articles 4, 5, 7, 8, 9, 10, 11, 12 and 14 9 Sector: Information and Communications

Sub-Sector: Broadcasting Industry

Industry JSIC 380 Establishments engaged

Classification: in administrative or

ancillary economic

activities

JSIC 381 Public broadcasting,

except cablecasting

JSIC 382 Private-sector

broadcasting, except

cablecasting

JSIC 383 Cablecasting

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Japan reserves the right to adopt or

maintain any measure relating to investment in broadcasting industry.

Existing Measures:

Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949),

Article 27

Cabinet Order on Foreign Direct

Investment (Cabinet Order No. 261

of 1980), Article 3

Radio Law (Law No. 131 of 1950),

Chapter 2

Broadcast Law (Law No. 132 of 1950),

Chapters 5 and 8

10 Sector: Land Transaction

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Description: With respect to the acquisition or

> lease of land properties in Japan, prohibitions or restrictions may be imposed by Cabinet Order on foreign nationals or legal persons, where Japanese nationals or legal persons

are placed under identical or

similar prohibitions or restrictions in the foreign country.

Existing Alien Land Law (Law No. 42 of 1925),

Measures: Article 1 11 Sector: Public :

Public Law Enforcement and

Correctional Services and Social

Services

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description:

Japan reserves the right to adopt or maintain any measure relating to investment in public law enforcement and correctional services, and in social services such as income security or insurance, social security or insurance, social welfare, primary and secondary education, public training, health

and child care.

12 Sector: Transport

Sub-Sector: Air Transport

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Japan reserves the right to adopt or

maintain any measure with respect to investment in airports or airport

operation services.

For the purposes of this entry, the term "airport operation services" means the supply of air terminal,

airfield and other airport

infrastructure operation services on a fee or contract basis. Airport

operation services do not include air

navigation services.

## Schedule of the State of Israel

1 Sector: Land and Real Estate

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Description:

The acquisition of rights to land and real estate by foreign nationals or enterprises controlled by foreign nationals is subject to the prior

approval by the Israel Land

Authority Council.

Existing Measures: Israel's Land Law, 1960

2 Sector: Transportation

Sub-Sector: Airports and Ports

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: The State of Israel (hereinafter

referred to in this Schedule as "Israel") reserves the right to adopt or maintain any measure with

regard to airports and ports, including construction, ground handling services and services

supplied or operated in airport and ports and including subjecting ports development and assets companies, port companies and authorized companies, as defined in the Shipping and Ports Authority Law,

2004, to an order of essential state

interests, or to any other

restrictions.

Existing Measures:

Shipping and Ports Authority Law,

2004

Ports Ordinance, 1971

Shipping and Ports Order

(Announcement on Essential State Interests in Eilat Port Company

Ltd.), 2012

Airports Authority Law, 1977

3 Sector: Transportation

Light Rail Transit Sub-Sector:

Industry

Classification:

Obligations | Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Israel reserves the right to adopt

or maintain any measure with regard to light rail transit, including manufacturing and services related to light rail transit.

Existing Railroad Track Ordinance, 1972

Measures:

4 Sector: Transportation

Sub-Sector: Supporting Services for Road

Transport and Passenger

Transportation

Industry
Classification:

CPC 744

Supporting services for

road transport

CPC 7121 Other scheduled

passenger

transportation

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Israel reserves the right to adopt

or maintain any measure with regard

to supporting services for road

transport and passenger

transportation. This entry does not include manufacturing of omnibus and

components for omnibus.

5 Sector: Transportation

Sub-Sector: Maritime Cabotage

Industry

Classification:

Obligations

National Treatment (Article 2)

Concerned:

Prohibition of Performance Requirements (Article 6)

Description: Israel reserves the right to adopt

or maintain any measure with regard  $% \left( 1\right) =\left( 1\right) \left( 1\right) \left($ 

to maritime cabotage involving

national treatment or employment of

seafarers on vessels performing

cabotage.

Law of Cabotage (Permit for a Existing Measures:

Foreign Sea Vessel), 2005

Cabotage Ordinance (Permit for a Foreign Sea Vessel) (Request for

Permit), 2012

6 Sector:

Human Health, Education, Law Enforcement and Correctional Services and Social Services

Sub-Sector:

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description:

Israel reserves the right to adopt or maintain any measure with regard to human health including health institutions, equipment, services,

data exchange and products, education, law enforcement and correctional services and, to the extent they are established or maintained for a public purpose, social services including income security or insurance, social security or insurance, social welfare, public housing and child

care.

7 Sector: Distribution Services

Sub-Sector:

Industry CPC 62112 Sales on a fee or Classification: contract basis of

contract basis of food products, beverages and

tobacco

CPC 62113 Sales on a fee or contract basis of fuels, metals, ores,

timber, building materials and industrial and technical chemical

technical chemicals

CPC 62117 Sales on a fee or

contract basis of pharmaceutical and medical goods and

cosmetics

CPC 62226 Wholesale trade

services of beverages

CPC 62228 Wholesale trade

services of tobacco

products

CPC 6225 Wholesale trade

services of

pharmaceutical and medical goods and

cosmetics

CPC 6227 Wholesale trade

services of

intermediate products,

other than

agricultural; wholesale trade services of waste and scrap and materials

for recycling

CPC 63107 Retail sales of

beverages not consumed

on the spot

CPC 63108 Retail sales of tobacco products

CPC 6321 Retail sales of pharmaceutical and medical goods and cosmetics

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

Israel reserves the right to adopt or maintain any measure with regard to distribution services as following:

- (a) commission agents' services
   for:
  - (i) alcoholic beverages and tobacco products;
  - (ii) fuels; or
  - (iii) pharmaceutical and medical
     goods and cosmetics;
- (b) wholesale trade services for:
  - (i) alcoholic beverages;
  - (ii) tobacco products;
  - (iii) pharmaceutical and medical
     goods and cosmetics; or
    - (iv) intermediate products
       other than agricultural;
       waste and scrap and
       materials for recycling;
- (c) food retailing services for:
  - (i) alcoholic beverages; or
  - (ii) tobacco products; and

(d) non-food retailing services for pharmaceutical and medical goods and cosmetics.

8 Sector: Planning and Construction

Sub-Sector: Construction

Industry

Classification:

Obligations Most-Favored-Nation Treatment

Concerned: (Article 3)

Description: Israel reserves the right to adopt

or maintain any measure that accords certain advantages with regard to enterprises in the construction

sector.

9 Sector: Financial Services

Sub-Sector:

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

Israel reserves the right to adopt or maintain any measure with respect to the following financial services:

- (a) cooperative financial
   associations providing credit
   and accepting deposits (Credit
   Unions);
- (b) no interest credit and deposit
   institutions for mutual
   assistance;
- (c) credit card issuers and processors;
- (e) platforms for crowd funding;
- (f) credit information database
   (credit bureau); or
- (g) broker-dealers of financial instruments. A broker-dealer is a person or a firm in the business of buying and selling securities, operating as both a broker and a dealer.

Note: "A no interest credit and deposit institution" is an

institution that is

authorized to accept 30 or

more depositors and to provide deposit services and loans both with no interest

rate.

10 Sector: Postal and Courier Services

Sub-Sector:

Industry

Classification:

Obligations

Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Israel reserves the right to adopt

or maintain any measure with respect to postal and courier services for

any item below 500 gram.

11 Sector:

Technical Testing and Analysis

Services

Water Transmission

Services Incidental to Forestry and

Logging

Non-Human Health Services

Exploration and Exploitation, Use and Sale of Hydrocarbons, Minerals,

Stone and Aggregates

Communications

Transportation

Energy, including the Natural Gas,

Oil and Electricity

Sub-Sector:

Industry
Classification:

Obligations Concerned:

Prohibition of Performance Requirements (Article 6)

Description:

1. Israel reserves the right to adopt or maintain any measure, excluding measures involving subparagraph 1(h) of Article 6 of this Agreement, with regard to the granting of concessions or licenses in the sectors listed in the

"Sector" element, except energy

sector.

2. Israel reserves the right to adopt or maintain any measure with

regard to the granting of

concessions or licenses in the

energy sector.

12 Sector: All

Sub-Sector: Privatization

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

- 1. When transferring or disposing of its equity interests in, or the assets of, a state enterprise or a governmental entity, Israel reserves the right to:
- (a) prohibit or impose limitations on the ownership of such interests or assets by investors of Japan or their investments;
- (b) impose limitations on the ability of investors of Japan or their investments as owners of such interests or assets to control any resulting enterprise;
- (c) adopt or maintain any measure relating to the nationality or permanent residency of members of the board of directors, position holders or certain officers of any resulting enterprise; or
- (d) impose limitations on the location of management, main operations and center of business of any resulting enterprise.

Note: For the purposes of this Schedule, "position holder" is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.

2. In the event where the supply of services, which is restricted to designated enterprises or governmental entities, is liberalized to those other than the designated enterprises or governmental entities, or in the event where such designated enterprises or governmental entities no longer operate on a noncommercial basis, Israel reserves the right to adopt or maintain any measure related to those activities.

Existing Measures:

Government Companies Law (including Special State Share), 1975

Government Companies Order (Announcement on Essential State Interests in Ashot Ashkelon Industries Ltd.), 2005

Government Companies Order (Announcement on Essential State Interests in Oil Refineries Ltd.), 2007

Government Companies Order (Announcement on Essential State Interests in Oil Refinery - Ashdod Ltd.), 2006 Government Companies Order (Announcement on Essential State Interests in El-Al Israel Airlines Ltd.), 2004

Government Companies Order (Announcement on Essential State Interests in IMI Systems Ltd.), 2016

Special State Share in Israel Chemicals Ltd. and in its Subsidiary Companies

Special State Share in Zim Integrated Shipping Services Ltd.

Special State Share in El-Al Israel Airlines Ltd.

13 Sector: All

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Description: Israel reserves its right to adopt

or maintain measures to promote policy objectives for the benefit of

socially or economically

disadvantaged groups, including minorities, disabled persons,

military veterans and first-degree family members of Israeli fallen soldiers and the development of its

peripheral areas.

14 Sector: Communications

Sub-Sector: Satellite Broadcasting

Cable Broadcasting

Television and Radio Broadcasting

Satellite Telecommunications

Services

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

- 1. Members of the boards of directors and position holders in a licensee of satellite broadcasting, cable broadcasting, television broadcasting or radio broadcasting are required to be nationals of Israel who are residents of Israel in some cases with security clearance and are subject to approval by the relevant regulator.
- 2. Israel reserves the right to adopt or maintain any measure with regard to licensing of satellite communications facilities for the transmission of voice, data, text, sound and full motion picture video between network termination points and with regard to licensing of services for the transmission of television and radio programs to the consumer by a satellite system.

15 Sector: All

Sub-Sector: Subsidies and Grants

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Senior Management and Board of

Directors (Article 7)

Description: Israel reserves the right to adopt

or maintain any measure with regard to subsidies or grants, including a government-supported loan, guarantee

or insurance.

Existing Law for Encouragement of Research,

Measures: Development and Technological

Innovation in Industry, 1984

Law for Encouragement of Capital

Investments, 1959

Law for Encouragement of Capital Investments in Agriculture, 1980

16 Sector: All

Sub-Sector:

Industry
Classification:

Obligations Concerned:

Most-Favored-Nation Treatment
(Article 3)

Description:

Israel reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral agreement or arrangement regarding:

- (a) aviation;
- (b) maritime matters, including search and rescue and salvage;
- (c) co-production and distribution
   in film, video and television;
- (d) mutual recognition in different fields; or
- (e) cooperation in aeronautics and space.

17 Sector: Defense Industry

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Most-Favored-Nation Treatment

(Article 3)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Israel reserves the right to adopt

or maintain any measure with regard to the defense industry sector.

Existing Measures: Defense Export Control Law, 2007

Defense Corporations Law, 2005

18 Sector: Communication Services

Sub-Sector:

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

Israel reserves the right to adopt or maintain certain safeguards with regard to essential communication services, as defined in the Communication Law

(Telecommunications and Broadcasting), 1982.

Such safeguards may include measures dealing with:

- (a) control, means of control or the ability to appoint a position holder in a licensee;
- (b) location of management, main operations and center of business; and
- (c) members of the board of directors, position holders and certain officers.

Existing Measures:

Government Companies Law, 1975

Communication Law (Telecommunications and Broadcasting), 1982

Telecommunications Order (Determination of Essential Service Provided by "Bezeq" the Israel Telecommunication Corp, Ltd.), 1997 19 Sector: All

Sub-Sector:

Industry
Classification:

Obligations Concerned:

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

- 1. Members of the board of directors, position holders and certain officers in public bodies as defined in Security of Public Bodies Law, 1998, and persons in certain positions with cyber security responsibilities, are required to be nationals or permanent residents of Israel and to hold appropriate security clearances.
- 2. Israel reserves the right to demand the imposition or enforcement of the purchase or use of goods produced or services provided in its Territory, when the demand is mainly related to cyber security and is in conformance with national cyber security policy.

Existing Measures:

Security of Public Bodies Law, 1998

Government Decision 2443 of 2015

Government Decision 2444 of 2015

20 Sector: Agriculture

Sub-Sector: Dairying including Cattle, Goats and

Sheep Dairying

Poultry and Eggs

Honey including Beekeeping

Groundnuts

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Description: Israel reserves the right to adopt

or maintain any measure relating to agriculture sectors listed in the

"Sub-Sector" element.

21 Sector: Mining including Phosphates Mining,

Quarrying and Services Incidental to

Mining and Quarrying

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Israel reserves the right to adopt

or maintain any measure with regard

to mining including phosphates mining, quarrying and services

incidental to mining and quarrying.

Existing Measures:

Mining Ordinance

22 Sector: Energy

Sub-Sector: Gas including Natural Gas

Oil

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

- 1. Israel reserves the right to adopt or maintain any measure with regard to the natural gas sector and to essential services in the oil sector.
- 2. Israel may require a petroleum right holder, as defined in the Oil Law, 1952, to supply certain amount of oil or oil products for domestic consumption and usage.
- 3. Israel reserves the right to adopt or maintain any measure involving national treatment or performance requirements, with regard to oil distillates and oil refineries and with regard to pipeline transport of oil and natural gas including crude or refined oil and oil products.
- 4. Israel reserves the right to adopt or maintain any measure with regard to storage of liquids or gases and bulk storage services of liquids (oil or liquefied gas) or gases and with regard to oil and gas exploration and production.

Existing Measures:

Government Decision 442 of 2013

Government Decision 476 of 2015

Government Decision 1465 of 2016

Natural Gas Sector Law, 2002

Gas Law (Safety and Licensing), 1989

Oil Law, 1952

Oil Supervisor's Guidelines for Licensing of Onshore Oil Exploration

23 Sector: Energy

Sub-Sector: Liquefied Petroleum Gas (LPG)

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

- 1. Nationality and residency of Israel are required for a natural person applying for licensure as a gas supplier, gas agent or a gas technician/engineer.
- 2. Members of the board of directors, position holders and certain officers in an LPG licensed enterprise are required to be nationals of Israel who are residents of Israel, in some cases with security clearance.
- 3. Foreign ownership in an LPG licensed enterprise may be restricted.
- 4. Foreign LPG technicians may be subject to time limited license.
- 5. Israel reserves the right to adopt or maintain any measure involving performance requirements, with regard to LPG marketing and exporting.

Existing Measures:

Gas Law (Safety and Licensing), 1989

Natural Gas Sector Law, 2002

24 Sector: Energy

Sub-Sector: Electricity

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

- 1. A licensee as a supplier of an electricity service who provides an essential service, as defined in the Electricity Market Law, 1996, shall be subject to the following conditions:
- (a) the licensee shall be controlled by nationals of Israel who are residents of Israel;
- (b) the maximum rate of means of control in the licensee to be held, directly or indirectly, by non-residents of Israel, is subject to a determination by the Minister of National Infrastructures; and
- (c) members of the board of directors, position holders and certain officers in the licensee are required to be nationals of Israel who are residents of Israel, in some cases with security clearance.
- 2. Members of the board of directors, position holders and certain officers in an enterprise licensed to transmit, distribute, supply or produce electricity are required to be nationals of Israel who are residents of Israel, in some cases with security clearance.

- 3. Foreign ownership in an enterprise licensed to transmit, distribute, supply or produce electricity may be restricted.
- 4. Nationality of Israel is required for licensure of a natural person to transmit, distribute, supply or produce electricity.
- 5. Approval of guarantees of a foreign bank to a licensee for selling electricity is subject to the consideration of the Electricity Authority.

Existing Measures:

Electricity Market Law, 1996

The Electricity Authority Book of Standards

25 Sector:

Identity Management, Biometric Technology, Biometric Information and Databases

Sub-Sector:

Industry
Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of Directors (Article 7)

Description:

- 1. Israel reserves the right to impose or enforce any of the following requirements, with regard to identity management, biometric technology and biometric information and databases:
- (b) to purchase or use goods
   produced or services provided
   in its Territory; and
- (c) to transfer technology, a production process or other proprietary knowledge to a natural person or an enterprise in its Territory.
- 2. Members of the board of directors, position holders and certain officers in an enterprise responsible for identity management and/or managing of a biometric information and database may be required to be nationals or permanent residents of Israel, in some cases with security clearance and the enterprise may be required to be incorporated in Israel and have its main operations and center of business in Israel.

26 Sector: Treatment of Waste

Sub-Sector:

Industry

Classification:

Obligations Concerned:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Senior Management and Board of

Directors (Article 7)

Description: Israel reserves the right to adopt

or maintain any measure with regard to treatment of hazardous waste and with regard to the development of domestic treatment capacities of

waste.