

**Information on Non-Conforming Measures
referred to in paragraph 2 of Article 64 of the
Agreement between Japan and the Republic of
Indonesia for an Economic Partnership**

July 1, 2008

Japan

The Sectors or Matters specified in Annex 4

1. Agriculture, Forestry and Fisheries, and Related Services
(except fisheries within the territorial sea, internal waters, exclusive economic zone and continental shelf provided for in the reservation No. 5 in Reservations of Japan in Part 1 of Annex 5)
2. Air Transport
3. Banking
4. Drugs and Medicines Manufacturing
5. Freight Forwarding Business
6. Heat Supply
7. Information and Communications
8. Leather and Leather Products Manufacturing
9. Matters Related to the Nationality of a Ship
10. Mining
11. Oil Industry
12. Railway Transport
13. Registration of Aircraft in the National Register
14. Road Passenger Transport
15. Security Guard Services
16. Water Supply and Waterworks
17. Water Transport

Note: For the purposes of this Information, the term "JSIC" means Japan Standard Industrial Classification set out by the Ministry of Internal Affairs and Communications, and revised on November 6, 2007.

1	Sector or Matter:	Agriculture, Forestry and Fisheries, and Related Services (except fisheries within the territorial sea, internal waters, exclusive economic zone and continental shelf provided for in the reservation No. 5 in Reservations of Japan in Part 1 of Annex 5)														
	Industry Classification Codes:	<table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">JSIC 01</td> <td>Agriculture</td> </tr> <tr> <td>JSIC 02</td> <td>Forestry</td> </tr> <tr> <td>JSIC 03</td> <td>Fisheries, except aquaculture</td> </tr> <tr> <td>JSIC 04</td> <td>Aquaculture</td> </tr> <tr> <td>JSIC 6324</td> <td>Agricultural cooperatives</td> </tr> <tr> <td>JSIC 6325</td> <td>Fishery and fishery processing cooperatives</td> </tr> <tr> <td>JSIC 871</td> <td>Agriculture, forestry and fisheries cooperative associations, n.e.c.</td> </tr> </table>	JSIC 01	Agriculture	JSIC 02	Forestry	JSIC 03	Fisheries, except aquaculture	JSIC 04	Aquaculture	JSIC 6324	Agricultural cooperatives	JSIC 6325	Fishery and fishery processing cooperatives	JSIC 871	Agriculture, forestry and fisheries cooperative associations, n.e.c.
JSIC 01	Agriculture															
JSIC 02	Forestry															
JSIC 03	Fisheries, except aquaculture															
JSIC 04	Aquaculture															
JSIC 6324	Agricultural cooperatives															
JSIC 6325	Fishery and fishery processing cooperatives															
JSIC 871	Agriculture, forestry and fisheries cooperative associations, n.e.c.															
	Level of Government:	Central Government														
	Obligations under this Agreement:	National Treatment (Article 59)														
	Legal Source of the Measure:	<p>Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27</p> <p>Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3</p>														
	Succinct Description of the Measure:	The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in agriculture, forestry and fisheries, and related services (except fisheries within the territorial sea, internal waters, exclusive economic zone and continental shelf provided for in the reservation No. 5 in Reservations of Japan in Part 1 of Annex 5) in Japan.														

2-1	Sector or Matter:	Air Transport
	Industry Classification Codes:	JSIC 4600 Head offices primarily engaged in managerial operations JSIC 4611 Air transport
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59) Most-Favoured-Nation Treatment (Article 60) Prohibition of Performance Requirements (Article 63)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	<ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (a) a natural person who does not have Japanese nationality; (b) a foreign country, or a foreign public entity or its equivalent; (c) a legal person or other entity constituted under the laws of any foreign country; and

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

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

4. Foreign air carriers are required to obtain permission of the Minister of Land, Infrastructure, Transport and Tourism to conduct international air transport business.

5. Permission of the Minister of Land, Infrastructure, Transport and Tourism is required for the use of foreign aircraft for air 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.

2-2	Sector or Matter:	Air Transport
	Industry Classification Codes:	JSIC 4600 Head offices primarily engaged in managerial operations JSIC 4621 Aircraft service, except air transport
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59) Prohibition of Performance Requirements (Article 63)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	<ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (a) a natural person who does not have Japanese nationality; (b) a foreign country, or a foreign public entity or its equivalent; (c) a legal person or other entity constituted under the laws of any foreign country; and

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

In the event a person conducting aerial work business 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.

3	Sector or Matter:	Banking
	Industry Classification Codes:	JSIC 622 Banks, except central bank JSIC 631 Financial institutions for small-businesses
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	Deposit Insurance Law (Law No. 34 of 1971), Article 2
	Succinct Description of the Measure:	The deposit insurance system only covers financial institutions which have their head offices within the jurisdiction of Japan.

4	Sector or Matter:	Drugs and Medicines Manufacturing
	Industry Classification Codes:	JSIC 1653 Biological preparations
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the 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
	Succinct Description of the Measure:	The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in biological preparations manufacturing industry in Japan. For greater certainty, "biological preparations manufacturing industry" deals with economic activities in establishment which mainly produces vaccine, serum, toxoid, antitoxin and some preparations similar to the aforementioned products, or blood products.

5-1	Sector or Matter:	Freight Forwarding Business
	Industry Classification Codes:	JSIC 4441 Collect-and-deliver freight transport JSIC 4821 Deliver freight transport, except collect-and-deliver freight transport
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59) Most-Favoured-Nation Treatment (Article 60) Prohibition of Performance Requirements (Article 63)
	Legal Source of the Measure:	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)
	Succinct Description of the Measure:	<p>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 will be made, or such permission or approval will be granted, on the basis of reciprocity:</p> <ul style="list-style-type: none"> (a) a natural person who does not have Japanese nationality; (b) a foreign country, or a foreign public entity or its equivalent; (c) a legal person or other entity constituted under the laws of any foreign country; and (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b)

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

5-2	Sector or Matter:	Freight Forwarding Business
	Industry Classification Codes:	JSIC4441 Collect-and-deliver freight transport JSIC4821 Deliver freight transport, except collect-and-deliver freight transport
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59) Most-Favoured-Nation Treatment (Article 60) Prohibition of Performance Requirements (Article 63)
	Legal Source of the Measure:	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)
	Succinct Description of the Measure:	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 more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b)

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

2. The natural persons or entities referred to in subparagraphs 1 (a) through (d) are required to be registered with, or to obtain permission or approval of, the Minister of Land, Infrastructure, Transport and Tourism for conducting freight forwarding business using international air transportation. Such registration will be made, or such permission or approval will be granted, on the basis of reciprocity.

6	Sector or Matter:	Heat Supply
	Industry Classification Codes:	JSIC 3511 Heat supply
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in heat supply industry in Japan.

7-1	Sector or Matter:	Information and Communications
	Industry Classification Codes:	JSIC 3700 Head offices primarily engaged in managerial operations JSIC 3711 Regional telecommunications, except wire broadcast telephones JSIC 3731 Services incidental to telecommunications
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59) Prohibition of Performance Requirements (Article 63)
	Legal Source of the Measure:	Law Concerning Nippon Telegraph and Telephone Corporation (Law No. 85 of 1984), Articles 6 and 10
	Succinct Description of the Measure:	<p>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:</p> <p>(a) a natural person who does not have Japanese nationality;</p> <p>(b) a foreign government or its representative; and</p> <p>(c) a foreign legal person or a foreign entity.</p> <p>2. Any natural person who does not have Japanese nationality may not assume the office of director or auditor of Nippon Telegraph and Telephone Corporation, Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation.</p>

7-2	Sector or Matter:	Information and Communications
	Industry Classification Codes:	JSIC 3711 Regional telecommunications, except wire broadcast telephones JSIC 3712 Long-distance telecommunications JSIC 3719 Miscellaneous fixed telecommunications JSIC 3721 Mobile telecommunications JSIC 401 Internet based services
		Note: The activities covered by the reservation under JSIC 3711, 3712, 3719, 3721 or 401 are limited to the activities which are subject to the registration obligation under Article 9 of the Telecommunications Business Law (Law No. 86 of 1984).
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	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.

8	Sector or Matter:	Leather and Leather Products Manufacturing
	Industry Classification Codes:	<p>JSIC 1189 Textile apparel and accessories, n.e.c.</p> <p>JSIC 1694 Gelatine and adhesives</p> <p>JSIC 192 Rubber and plastic footwear and its findings</p> <p>JSIC 2011 Leather tanning and finishing</p> <p>JSIC 2021 Mechanical leather products, except gloves and mittens</p> <p>JSIC 2031 Cut stock and findings for boots and shoes</p> <p>JSIC 2041 Leather footwear</p> <p>JSIC 2051 Leather gloves and mittens</p> <p>JSIC 2061 Baggage</p> <p>JSIC 207 Handbags and small leather cases</p> <p>JSIC 2081 Fur skins</p> <p>JSIC 2099 Miscellaneous leather products</p> <p>JSIC 3253 Sporting and athletic goods</p> <p>Note 1: The activities covered by the reservation under JSIC 1189 or 3253 are limited to the activities related to leather and leather products manufacturing.</p> <p>Note 2: The activities covered by the reservation under JSIC 1694 are limited to the activities related to animal glue (nikawa) and gelatine manufacturing.</p>
	Level of Government:	Central Government

Obligations under this Agreement:	National Treatment (Article 59)
Legal Source of the Measure:	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
Succinct Description of the Measure:	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.

9	Sector or Matter:	Matters Related to the Nationality of a Ship
	Industry Classification Codes:	
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59) Prohibition of Performance Requirements (Article 63)
	Legal Source of the Measure:	Ship Law (Law No. 46 of 1899), Article 1
	Succinct Description of the Measure:	The Japanese nationality will be given to a ship whose owner is a Japanese national, or a company established under Japanese law, of which all representatives and not less than two-thirds of executives administering the affairs are Japanese nationals.

10	Sector or Matter:	Mining
	Industry Classification Codes:	JSIC 05 Mining and Quarrying of Stone and Gravel
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	Mining Law (Law No. 289 of 1950), Chapters 2 and 3
	Succinct Description of the Measure:	Only a Japanese national or a Japanese legal person may have mining rights or mining lease rights.

11	Sector or Matter:	Oil Industry
	Industry Classification Codes:	<p>JSIC 053 Crude petroleum and natural gas production</p> <p>JSIC 1711 Petroleum refining</p> <p>JSIC 1721 Lubricating oils and greases (not made in petroleum refineries)</p> <p>JSIC 1741 Paving materials</p> <p>JSIC 1799 Miscellaneous petroleum and coal products</p> <p>JSIC 4711 Ordinary warehousing</p> <p>JSIC 4721 Refrigerated warehousing</p> <p>JSIC 5331 Petroleum</p> <p>JSIC 6051 Petrol stations (gasoline service stations)</p> <p>JSIC 6052 Fuel stores, except gasoline service stations</p> <p>JSIC 9299 Miscellaneous business services, n.e.c.</p> <p>Note 1: The activities covered by the reservation under JSIC 1741, 1799, 4711, 4721 or 6052 are limited to the activities related to oil industry.</p> <p>Note 2: The activities covered by the reservation under JSIC 9299 are limited to the activities related to liquefied petroleum gas industry.</p> <p>Central Government</p> <p>National Treatment (Article 59)</p> <p>Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27</p>
	Level of	

Government:

Obligations
under this
Agreement:

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

Legal Source of
the Measure:

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

Succinct
Description of
the Measure:

12	Sector or Matter:	Railway Transport
	Industry Classification Codes:	JSIC 421 Railway transport JSIC 4851 Railway facilities services
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in railway transport industry in Japan. The manufacture of vehicles, parts and components for the railway transport industry is not included in railway transport industry. Therefore, prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.

13	Sector or Matter:	Registration of Aircraft in the National Register
	Industry Classification Codes:	
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59) Prohibition of Performance Requirements (Article 63)
	Legal Source of the Measure:	Civil Aeronautics Law (Law No. 231 of 1952), Chapter 2
	Succinct Description of the Measure:	<p>1. An aircraft owned by any of the following natural persons or entities may not be registered in the national register:</p> <ul style="list-style-type: none"> (a) a natural person who does not have Japanese nationality; (b) a foreign country, or a foreign public entity or its equivalent; (c) a legal person or other entity constituted under the laws of any foreign country; and (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c) ; a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c) ; or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c) . <p>2. A foreign aircraft may not be registered in the national register.</p>

14	Sector or Matter:	Road Passenger Transport
	Industry Classification Codes:	JSIC 4311 Common omnibus operators
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in omnibus industry in Japan. The manufacture of vehicles, parts and components for omnibus industry is not included in omnibus industry. Therefore, prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.

15	Sector or Matter:	Security Guard Services
	Industry Classification Codes:	JSIC 9231 Guard services
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in security guard services in Japan.

16	Sector or Matter:	Water Supply and Waterworks
	Industry Classification Codes:	JSIC 3611 Water for end users, except industrial users
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	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.

17-1	Sector or Matter:	Water Transport
	Industry Classification Codes:	JSIC 452 Coastwise transport JSIC 453 Inland water transport JSIC 4542 Coastwise ship leasing
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59)
	Legal Source of the Measure:	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
	Succinct Description of the Measure:	The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in water transport industry in Japan. For greater certainty, "water transport industry" refers to oceangoing/seagoing transport, coastwise transport (i.e. maritime transport between ports within Japan), inland water transport and ship leasing industry. However, oceangoing/seagoing transport industry and ship leasing industry excluding coastwise ship leasing industry are exempted from the prior notification requirement.

17-2	Sector or Matter:	Water Transport
	Industry Classification Codes:	
	Level of Government:	Central Government
	Obligations under this Agreement:	National Treatment (Article 59) Most-Favoured-Nation Treatment (Article 60)
	Legal Source of the Measure:	Ship Law (Law No. 46 of 1899), Article 3
	Succinct Description of the Measure:	Unless otherwise specified in laws and regulations of Japan, or international agreements to which Japan is a party, ships not flying the Japanese flag are prohibited from entering Japanese ports which are not open to foreign commerce and from carrying cargoes or passengers between Japanese ports.