

Annex 7 referred to in Chapter 8
Reservations for Existing and Future Measures

Part 1
Reservations for Existing Measures

1. The Schedule of a Party sets out, pursuant to paragraph 1 of Article 94, the reservations taken by that Party with respect to existing measures that do not conform with obligations imposed by:
 - (a) Article 89 (National Treatment);
 - (b) Article 90 (Most-Favored-Nation Treatment); or
 - (c) Article 93 (Prohibition of Performance Requirements)
2. Each reservation sets out the following elements:
 - (a) "Sector" refers to the general sector in which a reservation is taken;
 - (b) "Sub-Sector" refers to the specific sector in which a reservation is taken;
 - (c) "Industry Classification" refers, where applicable, to the activity covered by the reservation according to domestic industry classification codes;
 - (d) "Type of Reservation" specifies the obligation referred to in paragraph 1 above for which a reservation is taken;
 - (e) "Level of Government" indicates the level of government maintaining the measure for which a reservation is taken;
 - (f) "Measures" identifies the existing laws, regulations or other measures for which the reservation is taken.
 - (g) "Description" sets out, with regard to the obligations referred to in paragraph 1 above, the non-conforming aspects of the existing measures for which the reservation is taken; and
 - (h) "Phase-Out" set out commitments if any, for liberalization after the date of entry into force of this Agreement.

3. In the interpretation of a reservation, all elements of the reservation shall be considered. A reservation shall be interpreted in the light of the relevant provisions of Chapter 8 against which the reservation is taken, and:

- (a) to the extent that the Phase-Out element provides for the phasing out of non-conforming aspects of measures, the Phase-Out element shall prevail over all other elements; and
- (b) except as provided for in subparagraph (a) above, the Measures element shall prevail over all other elements.

4. For the purposes of this Part, the term "JSIC" means Japan Standard Industrial Classification as set out in the Statistics Bureau, Ministry of Internal Affairs and Communications, revised on March 7, 2002.

1A: Schedule of Japan

1 Sector: Agriculture, Forestry and Fisheries
(Plant Breeder's Right)

Sub-Sector:

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

Type of Reservation: National Treatment (Article 89)
Most-Favored-Nation Treatment (Article 90)

Level of Government: Central Government

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

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

- (a) where the state of which the person is a national or the state in which the person has a domicile or residence (or its establishment, in the case of a legal person) is a contracting party to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972, on October 23, 1978, and on March 19, 1991;

- (b) where the state of which the person is a national or the state in which the person has a domicile or residence (or its establishment, in the case of a legal person) is a contracting party to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972 and on October 23, 1978 (hereinafter referred to in this Annex as "the 1978 UPOV Convention"), or a state in relation with which Japan shall apply the 1978 UPOV Convention in accordance with paragraph (2) of Article 34 of the 1978 UPOV Convention, and further provides the protection for plant genus and species to which the person's applied variety belongs; or
- (c) where the state of which the person is a national provides Japanese nationals with the protection of varieties under the same condition as its own nationals (including a state which provides such protection for Japanese nationals under the condition that Japan allows enjoyment of the plant breeder's right or related rights for the nationals of that state), and further provides the protection for plant genus and species to which the person's applied variety belongs.

Phase-Out: None

2	Sector:	Finance	
	Sub-Sector:	Banking	
	Industry Classification:	JSIC 612	Banks, except Central Bank
		JSIC 621	Financial institutions for small businesses
	Type of Reservation:	National Treatment (Article 89)	
	Level of Government:	Central Government	
	Measures:	Deposit Insurance Law (Law No. 34 of 1971), Article 2	
	Description:	The deposit insurance system only covers financial institutions which have their head offices within the jurisdiction of Japan.	
	Phase-Out:	None	

3 Sector: Heat Supply

Sub-Sector:

Industry Classification: JSIC 3511 Heat Supply

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in the heat supply industry in Japan.

Phase-Out: None

4 Sector: Information and Communications

Sub-Sector: Telecommunications

Industry Classification: JSIC 3721 Regional telecommunications, except wired broadcast telephones

JSIC 3741 Services incidental to telecommunications

Type of Reservation: National Treatment (Article 89)
Prohibition of Performance Requirements (Article 93)

Level of Government: Central Government

Measures: Law Concerning Nippon Telegraph and Telephone Corporation (Law No. 85 of 1984), Articles 6 and 10.

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

- (a) a natural person who does not have Japanese nationality;
- (b) a foreign government or its representative; and
- (c) a foreign legal person or a foreign entity.

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

Phase-Out : None

5 Sector: Information and Communications

Sub-Sector: Telecommunications and Internet Based Services

Industry Classification: JSIC 3721* Regional telecommunications, except wired broadcast telephones

JSIC 3722* Long-distance telecommunications

JSIC 3729* Miscellaneous fixed telecommunications

JSIC 3731* Mobile telecommunications

JSIC 4011* Internet based services

(An asterisk (*) on the JSIC number indicates that the activities covered by the reservation under such number are limited to the activities which are subject to the registration obligation under Article 9 of the Telecommunications Business Law (Law No. 86 of 1984).)

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in telecommunications business and internet based services in Japan.

Phase-Out : None

6 Sector: Manufacturing

Sub-Sector: Drugs and Medicines Manufacturing

Industry Classification: JSIC 1763 Biological preparations

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in 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.

Phase-Out: None

7 Sector: Manufacturing

Sub-Sector: Leather and Leather Products Manufacturing

Industry Classification: JSIC 1257 Fur apparel and apparel accessories

JSIC 1259* Textile apparel and accessories, n.e.c.

JSIC 1794** Gelatine and adhesives

JSIC 202 Rubber and plastic footwear and its findings

JSIC 21 Manufacture of leather tanning, leather products and fur skins

JSIC 3234* Sporting and athletic goods

(An asterisk (*) on the JSIC number indicates that the activities covered by the reservation under such number are limited to the activities related to leather and leather products manufacturing.)

(Two asterisks (**) on the JSIC number indicates that the activities covered by the reservation under such number are limited to the activities related to animal glue (nikawa) and gelatine manufacturing.)

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in leather and leather products manufacturing industry in Japan.

Phase-Out: None

8 Sector: Matters Related to the Nationality of a Ship

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 89)
Prohibition of Performance Requirements (Article 93)

Level of Government: Central Government

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

Description: The Japanese nationality shall be given to a ship whose owner is a Japanese national, or a company established under Japanese law, of which all representatives and not less than two-thirds of executives administering the affairs are Japanese nationals.

Phase-Out: None

9 Sector: Mining

Sub-Sector:

Industry Classification: JSIC 05 Mining

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

Measures: Mining Law (Law No. 289 of 1950),
Articles 17 and 87

Description: Only a Japanese national or a
Japanese legal person may have mining
rights or mining lease rights.

Phase-Out: None

10 Sector: Oil Industry

Sub-Sector:

Industry Classification:	JSIC 053	Crude petroleum and natural gas production
	JSIC 181	Petroleum refining
	JSIC 182	Lubricating oils and greases (not made in petroleum refineries)
	JSIC 1841*	Paving materials
	JSIC 1899*	Miscellaneous petroleum and coal products
	JSIC 4711*	Warehousing
	JSIC 4721*	Refrigerated warehousing
	JSIC 5231	Petroleum (wholesale trade)
	JSIC 6031	Petrol stations (gasoline service stations)
	JSIC 6032*	Fuel stores, except gasoline service stations
	JSIC 9099**	Miscellaneous business services, n.e.c.

(An asterisk (*) on the JSIC number indicates that the activities covered by the reservation under such number are limited to the activities related to oil industry.)

(Two asterisks (**) on the JSIC number indicates that the activities covered by the reservation under such number are limited to the activities related to liquefied petroleum gas industry.)

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

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

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

Phase-Out: None

11 Sector: Agriculture, Forestry and Fisheries, and related services (except fisheries within the Territorial Sea, Internal Waters, Exclusive Economic Zone and Continental Shelf provided for in the reservation No. 7 of 2A)

Sub-Sector:

Industry Classification:	JSIC 01	Agriculture
	JSIC 02	Forestry
	JSIC 03	Fisheries
	JSIC 04	Aquaculture
	JSIC 6224	Agricultural cooperatives
	JSIC 6225	Fishery and fishery processing cooperatives
	JSIC 791	Agriculture, forestry and fisheries cooperative associations, n.e.c.

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in 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. 7 of 2A) in Japan.

Phase-Out: None

12 Sector: Security Guard Services

Sub-Sector:

Industry Classification: JSIC 9061 Guard services

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in security guard services in Japan.

Phase-Out: None

13	Sector:	Transport
	Sub-Sector:	Air Transport
	Industry Classification:	JSIC 4611 Air transport
	Type of Reservation:	National Treatment (Article 89) Most-Favored-Nation Treatment (Article 90) Prohibition of Performance Requirements (Article 93)
	Level of Government:	Central Government
	Measures:	Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3 Civil Aeronautics Law (Law No. 231 of 1952), Chapters 7 and 8
	Description:	1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in air transport business in Japan. 2. A permission of the Minister of Land, Infrastructure and Transport for conducting air transport businesses as a Japanese air carrier is not granted to following natural persons or entities applying for the permission: (a) a natural person who does not have Japanese nationality; (b) a foreign state, or a foreign public entity or its equivalent;

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

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

4. Foreign air carriers are required to obtain permissions of the Minister of Land, Infrastructure and Transportation to conduct international air transport businesses.

5. Permission of the Minister of Land, Infrastructure and Transport 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 and for transporting passengers or cargoes for remuneration, between points within Japan.

Phase-Out : None

14	Sector:	Transport
	Sub-Sector:	Air Transport
	Industry Classification:	JSIC 4621 Aircraft service, except air transport
	Type of Reservation:	National Treatment (Article 89) Prohibition of Performance Requirements (Article 93)
	Level of Government:	Central Government
	Measures:	Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3 Civil Aeronautics Law (Law No. 231 of 1952), Chapters 7 and 8
	Description:	<p>1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in aerial work business in Japan.</p> <p>2. A permission of the Minister of Land, Infrastructure and Transport for conducting aerial work business is not granted to following natural persons or entities applying for the permission:</p> <ul style="list-style-type: none"> (a) a natural person who does not have Japanese nationality; (b) a foreign state, or a foreign public entity or its equivalent; (c) a legal person or other entity constituted under the laws of any foreign state; and

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

In the event a person conducting aerial work businesses becomes a natural person or an entity referred to in subparagraphs (a) through (d) above, 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 businesses.

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

Phase-Out: None

15 Sector: Transport

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

 Industry Classification:

 Type of Reservation: National Treatment (Article 89)
 Prohibition of Performance Requirements (Article 93)

 Level of Government: Central Government

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

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

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

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

 (c) a legal person or association constituted under the laws of any foreign state; and

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

2. An aircraft which has the nationality of a country other than Japan may not be registered in the national register.

Phase-Out: None

16	Sector:	Transport				
	Sub-Sector:	Freight Forwarding Business (excluding freight forwarding business using air transportation)				
	Industry Classification:	<table border="0" style="width: 100%;"> <tr> <td style="width: 150px;">JSIC 4441</td> <td>Collect-and-deliver freight transport</td> </tr> <tr> <td>JSIC 4821</td> <td>Deliver freight transport, except collect-and-deliver freight transport</td> </tr> </table>	JSIC 4441	Collect-and-deliver freight transport	JSIC 4821	Deliver freight transport, except collect-and-deliver freight transport
JSIC 4441	Collect-and-deliver freight transport					
JSIC 4821	Deliver freight transport, except collect-and-deliver freight transport					
	Type of Reservation:	<p>National Treatment (Article 89)</p> <p>Most-Favored-Nation Treatment (Article 90)</p> <p>Prohibition of Performance Requirements (Article 93)</p>				
	Level of Government:	Central Government				
	Measures:	<p>Freight Forwarding Business Law (Law No. 82 of 1989), Chapters 2, 3 and 4</p> <p>Enforcement Regulation of Freight Forwarding Business Law (Ministerial Ordinance of Ministry of Transport No. 20 of 1990)</p>				
	Description:	<p>The following natural persons or entities are required to register with, or to obtain permission or approval of, the Minister of Land, Infrastructure and Transport for conducting freight forwarding businesses using international shipping. Such registration shall be permitted, or such permission or approval shall be granted, on the basis of reciprocity to:</p> <p>(a) a natural person who does not have Japanese nationality;</p> <p>(b) a foreign state, or a foreign public entity or its equivalent;</p>				

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

Phase-Out : None

17	Sector:	Transport				
	Sub-Sector:	Freight Forwarding Business (only freight forwarding business using air transportation)				
	Industry Classification:	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">JSIC 4441</td> <td>Collect-and-deliver freight transport</td> </tr> <tr> <td>JSIC 4821</td> <td>Deliver freight transport, except collect-and-deliver freight transport</td> </tr> </table>	JSIC 4441	Collect-and-deliver freight transport	JSIC 4821	Deliver freight transport, except collect-and-deliver freight transport
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	Type of Reservation:	<p>National Treatment (Article 89)</p> <p>Most-Favored-Nation Treatment (Article 90)</p> <p>Prohibition of Performance Requirements (Article 93)</p>				
	Level of Government:	Central Government				
	Measures:	<p>Freight Forwarding Business Law (Law No. 82 of 1989), Chapters 2, 3 and 4</p> <p>Enforcement Regulation of Freight Forwarding Business Law (Ministerial Ordinance of Ministry of Transport No. 20 of 1990)</p>				
	Description:	<p>1. The following natural persons or entities may not conduct freight forwarding businesses using air transportation between any points in Japan:</p> <ul style="list-style-type: none"> (a) a natural person who does not have Japanese nationality; (b) a foreign state, or a foreign public entity or its equivalent; (c) a legal person or association constituted under the laws of any foreign state; and 				

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

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

Phase-Out: None

18 Sector: Transport

Sub-Sector: Railway Transport

Industry Classification: JSIC 42 Railway transport
 JSIC 4851 Railway facilities services

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in 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, the prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investment in the manufacture of these products.

Phase-Out: None

19 Sector: Transport

Sub-Sector: Road Passenger Transport

Industry Classification: JSIC 4311 Common omnibus operators

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in omnibus industry in Japan. The manufacture of vehicles, 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 investment in the manufacture of these products.

Phase-Out: None

20 Sector: Transport

Sub-Sector: Water Transport

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

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in water transport industry in Japan. For greater 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 leasing industry excluding coastwise ship leasing industry are exempted from the prior notification requirement.

Phase-Out: None

21 Sector: Transport

Sub-Sector: Water Transport

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)
Most-Favored-Nation Treatment
(Article 90)

Level of
Government: Central Government

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

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

Phase-Out: None

22 Sector: Water Supply and Waterworks

Sub-Sector:

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

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

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

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investment in water supply and waterworks industry in Japan.

Phase-Out: None

1B: Schedule of the Philippines

1 Sector: All Sectors

Sub-Sector:

Industry
Classification:

Type of
Reservation: Prohibition of
Performance Requirements
(Article 93)

Level of
Government: Central Government

Measures: The Corporation Code of the
Philippines (Batas Pambansa Blg. 68),
Article 25

Description: 1. Corporate secretary shall be a
resident and citizen of the
Philippines.

2. A treasurer shall be a resident
of the Philippines

Phase-Out: None

2 Sector: All Sectors

 Sub-Sector: Water Rights

 Industry
 Classification:

 Type of
 Reservation: National Treatment (Article 89)

 Level of
 Government: Central Government

 Measures: The Water Code of The Philippines
 (Presidential Decree No. 1067)

 Description: Except as otherwise herein provided,
 no person, including government
 instrumentalities or government-owned
 or controlled corporations, shall
 appropriate water without water
 rights, which shall be evidenced by a
 document known as a water permit.

 "Water Rights" is the privilege
 granted by the government to
 appropriate and use water.

 Only citizens of the Philippines, of
 legal age, as well as juridical
 persons, who are duly qualified by
 law to exploit and develop water
 resources, may apply for water
 permits.

 Phase-Out: None

3 Sector: Manufacturing

Sub-Sector: Matters Related to Private Land
Ownership

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)

Level of
Government: Central Government

Measures: The Constitution of the Republic of
the Philippines, Article XII

Description: Corporations, associations or
partnerships with maximum 40 percent
foreign equity can own private land.

Phase-Out: None

4 Sector: Manufacturing

Sub-Sector: Small and Medium-Sized Domestic Market Enterprises

Industry Classification:

Type of Reservation: National Treatment (Article 89)
Prohibition of Performance Requirements (Article 93)

Level of Government: Central Government

Measures: The Constitution of the Republic of the Philippines, Article XII,
Foreign Investment Act of 1991 (Republic Act No. 7042, as amended by Republic Act No. 8179), Sections 3, 6, 7 and 8

Description: 1. Foreign equity is restricted to maximum of 40 percent for:

- (a) Small and medium-sized domestic market enterprises with paid-in equity capital of less than the equivalent of US\$ 200,000; or
- (b) Small and medium-sized domestic market enterprises which involve advanced technology or employ at least 50 direct employees with minimum paid-in equity capital of less than US\$ 100,000.

2. Foreign equity is allowed up to 100 percent if an enterprise exports at least 60 percent of its total production output.

For the purposes of this reservation, the term "domestic market enterprises" shall mean enterprises which produce goods for sale, or render services to the domestic market entirely or if exporting a portion of their output fails to consistently export at least 60 percent thereof.

Phase-Out: None

5 Sector: Manufacturing
Sub-Sector: Cooperatives
Industry
Classification:
Type of Reservation: National Treatment (Article 89)
Level of Government: Central Government
Measures: Cooperative Code of the Philippines
(Republic Act No. 6938), Article 26
Description: No foreign equity is allowed in
cooperatives.
Phase-Out: None

6 Sector: Manufacturing

Sub-Sector: Export Requirement

Industry Classification:

Type of Reservation: National Treatment (Article 89)
Prohibition of Performance Requirements (Article 93)

Level of Government: Central Government

Measures: Omnibus Investments Code of 1987 (Executive Order No. 226), Article 32
Special Economic Zone Act of 1995 (Republic Act No. 7916), Section 23
Bases Conversion and Development Act of 1992 (Republic Act No. 7227)

Description: 1. An enterprise with more than 40 percent foreign equity must export at least 70 percent of its total production output to qualify for Board of Investments registration and be entitled to incentives under the Omnibus Investments Code.

2. Under the Special Economic Zone Act, an individual, association, partnership, corporation or other form of business organization registered with the Philippine Economic Zone Authority (PEZA) as an export enterprise engaged in manufacturing activity falling within the purview of the said Act shall be required to export 100 percent of its production, unless a lower percentage of its production for exportation is prescribed by the PEZA Board subject to such terms and conditions as the latter may determine.

3. Under the Bases Conversion and Development Act, an individual, association, partnership, corporation or other form of business organization registered with the Base Conversion and Development Authority (BCDA) and the Subic Bay Metropolitan Authority (SBMA) as an export enterprise engaged in manufacturing activity falling within the purview of the said Act shall be required to export 100 percent of its production, unless a lower percentage of its production, unless a lower percentage of its production for exportation is prescribed by the BCDA and the SBMA Board subject to such terms and conditions as the BCDA and the SBMA Board may determine.

Phase-Out : None

7 Sector: Manufacturing

Sub-Sector: Divestment Requirement

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)

Level of
Government: Central Government

Measures: Omnibus Investments Code of 1987
(Executive Order No. 226), Article 32

Description: Enterprises registered under the
Investment Priorities Plan (except
those exporting 100 percent of their
total production output), to which
the Board of Investment (BOI)
incentives are granted, must attain
the status of a Philippine national
within 30 years from the date of
registration through public
participation or within such longer
period as the BOI may require, taking
into account the export potential of
the project of that enterprise.
Considering the 10-year period from
the date of registration within which
to avail themselves of the BOI
incentives, registered companies can
opt to surrender their BOI
registration and continue their
operation without BOI incentives and
need not comply with divestment
requirements. For the purposes of
this reservation, the term
"Philippine national" shall mean an
enterprise organized under the laws
of the Philippines of which at least
60 percent of the capital stock
outstanding is owned and held by
citizens of the Philippines.

Phase-Out: None

8 Sector: Manufacturing
Sub-Sector: Iron and Steel
Industry
Classification:
Type of Reservation: National Treatment (Article 89)
Level of Government: Central Government
Measures: Iron and Steel Industry Act (Republic Act No. 7103), Sections 5, 6 and 7
Description: A juridical person with maximum of 65 percent foreign equity certified by the Board of Investments is entitled to incentives.
Phase-Out: Measures relating to this reservation shall be terminated by the end of the year 2006.

9 Sector: Manufacturing

Sub-Sector: Culture, production, milling, processing, trading excepting retailing, of rice and corn and acquiring, by barter, purchase or otherwise, rice and corn and the by-products thereof.

Industry Classification:

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

Measures: Authorizing Aliens as well as Corporations, Partnerships Owned in whole or in part by Foreigners to Engage in Rice and Corn Industry, and for other Purposes (Presidential Decree No. 194), Section 5

Description: Foreign equity is allowed up to 40 percent.

Phase-Out: None

10 Sector: Manufacturing

Sub-Sector:

Industry
Classification:

Type of
Reservation: Most-Favored-Nation Treatment
(Article 90)

Level of
Government: Central Government

Measures: Omnibus Investment Codes of 1987
(Executive Order No. 226), Article 7

Description: Suspension of the nationality
requirement in the Omnibus Investment
Code of 1987 is allowed to
Association of Southeast Asia Nations
(ASEAN) projects, or investments by
ASEAN nationals, regional ASEAN or
multinational financial institutions
including their subsidiaries in
preferred projects and/or projects
through either financial or technical
assistance agreements entered into by
the President of the Philippines, and
regional complementation such as
ASEAN Industrial Cooperation Scheme
(AICO) for the manufacture of a
particular product which seeks to
take advantage of economies of scale.

Phase-Out: None

11 Sector: Energy

Sub-Sector: Geothermal Energy, Natural Gas and Methane Gas

Industry Classification:

Type of Reservation: National Treatment (Article 89)
Prohibition of Performance Requirements (Article 93)

Level of Government: Central Government

Measures: Geothermal Energy, Natural Gas and Methane Gas Law (Republic Act 5092), Sections 6 and 28,

Description: 1. In case of an individual, he shall be a citizen of the Philippines.

2. In case of an association of individuals, it shall be either a partnership or a corporation duly organized and constituted under the laws of the Philippines, at least 60 percent of the capital of which is and shall at all times be owned and held by citizens of the Philippines.

3. Permittees and/or lessees and their contractors or operators are obligated to give preference to the citizens of the Philippines in all types of employment within the Area of the Philippines, insofar as such citizens are qualified to perform the corresponding work with reasonable efficiency and without hazard to the safety of the operations; and are obligated likewise to maintain effective programs of training and advancement commensurate with the demonstrated abilities of such citizens to perform satisfactorily the various types of operations involved.

Phase-Out : None

12 Sector: Energy

Sub-Sector: Atomic Energy

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)

Level of
Government: Central Government

Measures: Atomic Energy Regulatory and
Liability Act of 1968 (Republic Act
No. 5207), Section 9

Description: No license to acquire, own, or
operate any atomic energy facility
shall be issued to an alien, or any
corporation or other entity which is
owned or controlled by an alien, a
foreign corporation, or a foreign
government. A corporation or entity
is not owned or controlled by an
alien, a foreign corporation or a
foreign government if at least 60
percent of its capital stock is owned
by the citizens of the Philippines.

Phase-Out: None

13 Sector: Mining

 Sub-Sector: Small-Scale Mining

 Industry
Classification:

 Type of
Reservation: National Treatment (Article 89)

 Level of
Government: Central Government

 Measures: The Constitution of the Republic of
 the Philippines, Article XII

 People's Small-Scale Mining Act of
 1991 (Republic Act No. 7076),

 Description: Only citizens of the Philippines or
 corporations at least 60 percent of
 whose capital is owned by citizens of
 the Philippines, who voluntarily form
 a cooperative duly licensed by the
 Department of Environment and Natural
 Resources may engage in the
 extraction or removal of minerals or
 ore-bearing materials.

 "Small-scale mining" refers to mining
 activities which rely heavily on
 manual labor using simple implement
 and methods and do not use explosives
 or heavy mining equipment.

 Phase-Out: None

14 Sector: Mining

 Sub-Sector: Mining other than Small-Scale Mining

 Industry
Classification:

 Type of
Reservation: National Treatment (Article 89)

 Level of
Government: Central Government

 Measures: The Constitution of the Republic of
the Philippines, Article XII
Philippine Mining Act of 1995
(Republic Act No. 7942)

 Description: Foreign equity is allowed up to 40
percent for projects covered by
Mineral Production Sharing Agreement
(MPSA), Co-Production Agreement (CPA)
or Joint Venture Agreement (JVA).
Foreign equity is allowed up to 100
percent for projects covered by the
Financial or Technical Assistance
Agreement (FTAA) with the President
of the Philippines.

 Phase-Out: None

15 Sector: Ownership of Condominium

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)

Level of
Government: Central Government

Measures: The Condominium Act (Republic Act No. 4726), Section 5

Description: Where the common areas in the condominium project are owned by the owners of separate units as co-owners thereof, no condominium unit therein shall be conveyed or transferred to persons other than the citizens of the Philippines or corporations at least 60 percent of the capital stock of which belong to the citizens of the Philippines, except in cases of hereditary succession.

Phase-Out: None

16 Sector: Lease of Private Lands

Sub-sector: Establishment of Industrial Estates, factories, assembly or processing plants, agro-industrial enterprises, land development for industrial or commercial use, tourism, and other similar priority productive endeavors.

Industry Classification:

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

Measures: Investors' Lease Act (Republic Act No. 7652), Sections 3 and 4

Description: Any foreign investor investing in the Philippines shall be allowed to lease private lands subject to the following conditions:

- (a) No lease contract shall be for a period exceeding 50 years, renewable once for a period of not more than 25 years; and
- (b) Foreign investors shall commence the operation of the investment projects within 3 years from the date of the approval of lease contract and continue to operate during the periods of lease contract.

Phase-Out: None

17 Sector: Matters Related to Ownership of all lands of the public domain and natural resources other than those covered by other sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 89)

Level of Government: Central Government

Measures: The Constitution of the Republic of the Philippines, Article XII

Description: All lands of the public domain and natural resources other than those covered by other sectors are owned by the State. With the exception of agricultural lands, all lands of public domain and other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with citizens of the Philippines, or corporations or associations at least 60 percent of whose capital is owned by such citizens.

Phase-Out: None

18 Sector: Shipping

Sub-Sector: Domestic Shipping

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)

Level of
Government: Central Government

Measures: Domestic Shipping Development Act of
2004 (Republic Act No. 9295)

Description: No foreign vessel shall be allowed to
transport passengers or cargo between
ports or places within the Philippine
territorial waters, except upon the
grant of a Special Permit by the
Maritime Industry Authority (MARINA)
when no domestic vessel is available
or suitable to provide the needed
shipping service and public interest
warrants the same.

Phase-Out: None

Part 2
Reservations for Future Measures

1. The Schedule of a Party sets out, pursuant to paragraph 3 of Article 94, the reservations taken by that Party with respect to specific sectors, sub-sectors or activities for which it may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 89 (National Treatment);
- (b) Article 90 (Most-Favored-Nation Treatment); or
- (c) Article 93 (Prohibition of Performance Requirements).

2. Each reservation sets out the following elements:

- (a) "Sector" refers to the general sector in which a reservation is taken;
- (b) "Sub-Sector" refers to the specific sector in which a reservation is taken;
- (c) "Industry Classification" refers, where applicable, to the activity covered by the reservation according to domestic industry classification codes;
- (d) "Type of Reservation" specifies the obligation referred to in paragraph 1 above for which a reservation is taken;
- (e) "Description" sets out the scope of the sector, sub-sector or activities covered by the reservation; and
- (f) "Measures" identifies, for transparency purposes, existing measures that apply to the sector, sub-sector or activities covered by the reservation.

3. In the interpretation of a reservation, all elements of the reservation shall be considered. The "Description" element shall prevail over all other elements.

4. For the purposes of this Part, the term "JSIC" means Japan Standard Industrial Classification as set out in the Statistics Bureau, Ministry of Internal Affairs and Communications, revised on March 7, 2002.

2A: Schedule of Japan

- 1 Sector: All Sectors
- Sub-Sector:
- Industry Classification:
- Type of Reservation: National Treatment (Article 89)
Prohibition of Performance Requirements (Article 93)
- Description: When transferring or disposing of its equity interests in, or the assets of, a state enterprise or a governmental entity, Japan may:
- (a) prohibit or impose limitations on the ownership of such interests or assets by investors of the Philippines or their investments;
 - (b) impose limitations on the ability of investors of the Philippines 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.
- Measures:

2 Sector: All Sectors

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)
Prohibition of Performance
Requirements (Article 93)

Description: In the event where the supply of telegraph services, postal services and betting and gambling services, manufacture of tobacco products, manufacture of Bank of Japan notes, minting and sale of coinage in Japan, which are restricted to designated juridical persons or governmental entities, are liberalized to those other than the designated juridical persons or governmental entities, or in the event where such designated juridical persons or governmental entities no longer operate on a non-commercial basis, Japan may adopt or maintain any measure relating to those activities.

Measures:

3 Sector: All Sectors

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)
Most-Favored-Nation Treatment
(Article 90)

Description: National Treatment and Most-Favored-
Nation Treatment may not be accorded
to investors of the Philippines and
their investments with respect to
subsidies for research and
development.

Measures:

4	Sector:	Aerospace Industry	
	Sub-Sector:	Aircraft Industry	
		Space Industry	
	Industry Classification:	JSIC 271*	Manufacture of electrical generating, transmission, distribution and industrial apparatus
		JSIC 274*	Manufacture of electronic equipment
		JSIC 275*	Manufacture of electric measuring instruments
		JSIC 279*	Manufacture of miscellaneous electrical machinery equipment and supplies
		JSIC 28*	Manufacture of information and communication electronics equipment
		JSIC 29*	Manufacture of electronic parts and devices
		JSIC 304	Manufacture of aircraft and parts
		JSIC 3059*	Manufacture of miscellaneous industrial trucks and parts and accessories
		JSIC 3099*	Manufacture of transportation equipment, n.e.c.
		JSIC 8711*	General machine repair shops, except construction and mining machinery

JSIC 872* Electrical machinery,
 apparatus, appliances
 and supplies repair shop

(An asterisk (*) on the JSIC number indicates that the activities covered by the reservation under such number are limited to the activities related to aircraft and space industry)

Type of Reservation: National Treatment (Article 89)
 Prohibition of Performance
 Requirements (Article 93)

Description: Japan reserves the right to adopt or maintain any measure relating to investment in aircraft industry and space industry.

Measures: Foreign Exchange and Foreign 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

5 Sector: Arms and Explosives Industry

Sub-Sector: Arms Industry

Explosives Manufacturing Industry

Industry Classification: JSIC 1791 Manufacture of explosives

JSIC 271* Manufacture of electrical generating, transmission, distribution and industrial apparatus

JSIC 274* Manufacture of electronic equipment

JSIC 275* Manufacture of electric measuring instruments

JSIC 279* Manufacture of miscellaneous electrical machinery equipment and supplies

JSIC 28* Manufacture of information and communication electronics equipment

JSIC 29* Manufacture of electronic parts and devices

JSIC 303* Shipbuilding and repairing, and manufacture of marine engines

JSIC 3059* Manufacture of miscellaneous industrial trucks and parts and accessories

JSIC 3099* Manufacture of transportation equipment, n.e.c.

JSIC 3281	Manufacture of ordnance and accessories
JSIC 8711*	General machine repair shops, except construction and mining machinery
JSIC 872*	Electrical machinery, apparatus, appliances and supplies repair shop

(An asterisk (*) on the JSIC number indicates that the activities covered by the reservation under such number are limited to the activities related to arms industry.)

Type of Reservation:	National Treatment (Article 89) Prohibition of Performance Requirements (Article 93)
Description:	Japan reserves the right to adopt or maintain any measure relating to investment in arms industry and explosives manufacturing industry.
Measures:	Foreign Exchange and Foreign 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:	Energy
	Sub-Sector:	Electricity Utility Industry
		Gas Utility Industry
		Nuclear Energy Industry
	Industry Classification:	JSIC 0519 Miscellaneous metal mining (limited to nuclear materials)
		JSIC 2491 Manufacture of nuclear fuel
		JSIC 271* Manufacture of electrical generating, transmission, distribution and industrial apparatus
		JSIC 274* Manufacture of electronic equipment
		JSIC 275* Manufacture of electric measuring instruments
		JSIC 279* Manufacture of miscellaneous electrical machinery equipment and supplies
		JSIC 28* Manufacture of information and communication electronics equipment
		JSIC 29* Manufacture of electronic parts and devices
		JSIC 303* Shipbuilding and repairing, and manufacture of marine engines
		JSIC 3059* Manufacture of miscellaneous industrial trucks and parts and accessories

JSIC 3099*	Manufacture of transportation equipment, n.e.c.
JSIC 331	Production, transmission and distribution of electricity
JSIC 3411	Gasworks
JSIC 3412	Gas distribution
JSIC 3413	Gas establishments (main office, office)
JSIC 8711*	General machine repair shops, except construction and mining machinery
JSIC 872*	Electrical machinery, apparatus, appliances and supplies repair shop

(An asterisk (*) on the JSIC number indicates that the activities covered by the reservation under such number are limited to the activities related to nuclear energy industry.)

Type of Reservation:	National Treatment (Article 89) Prohibition of Performance Requirements (Article 93)
Description:	Japan reserves the right to adopt or maintain any measure relating to investment in the energy industry listed in the "Sub-Sector" element above.
Measures:	Foreign Exchange and Foreign 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: Fisheries

Sub-Sector: Fisheries within the Territorial Sea, Internal Waters, Exclusive Economic Zone and Continental Shelf

Industry Classification: JSIC 031 Marine fisheries
 JSIC 032 Inland water fisheries
 JSIC 041 Marine aquaculture
 JSIC 042 Inland water aquaculture
 JSIC 8493 Recreational fishing guide business

Type of Reservation: National Treatment (Article 89)
 Most-Favored-Nation Treatment (Article 90)
 Prohibition of Performance Requirements (Article 93)

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 reservation, the term "fisheries" means the work of taking and cultivation of aquatic resources, including the following fisheries related activities:

- (a) investigation of aquatic resources without taking such resources;
- (b) luring of aquatic resources;
- (c) preservation and processing of fish catches;
- (d) transportation of fish catches and fish products; and

(e) provision of supplies to other vessels used for fisheries.

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.

8 Sector: Information and Communications

Sub-Sector: Broadcasting Industry

Industry Classification: JSIC 381 Public broadcasting, except cablecasting

JSIC 382 Private sector broadcasting, except cablecasting

JSIC 383 Cablecasting

Type of Reservation: National Treatment (Article 89)

Prohibition of Performance Requirements (Article 93)

Description: Japan reserves the right to adopt or maintain any measure relating to investment in broadcasting industry.

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), Article 5

Broadcast Law (Law No. 132 of 1950), Articles 52-8 and 52-13

9 Sector: Land Transaction

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)
Most-Favored-Nation Treatment
(Article 90)

Description: With respect to acquisition or lease
of land properties in Japan,
prohibitions or restrictions may be
imposed by Cabinet Order on the
Philippine nationals or juridical
persons, where Japanese nationals or
juridical persons are placed under
identical or similar prohibitions or
restrictions in the Philippines.

Measures: Alien Land Law (Law No. 42 of
1925), Article 1

10 Sector: Public Law Enforcement and
Correctional Services and Social
Services

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)
Most-Favored-Nation Treatment
(Article 90)
Prohibition of Performance
Requirements (Article 93)

Description: Japan reserves the right to adopt or
maintain any measure relating to
investment in public law enforcement
and correctional services, and
investment 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.

Measures:

2B: Schedule of the Philippines

- 1 Sector: Fisheries
- Sub-Sector: Utilization of Marine Resource
- Industry
Classification:
- Type of
Reservation: National Treatment (Article 89)
- Measures: The Constitution of the Republic of
the Philippines, Article XII
- Description: 1. No foreign participation is
allowed for small-scale utilization
of marine resources in archipelagic
waters, territorial sea and exclusive
economic zones.
2. For deep-sea fishing,
corporations, associations or
partnerships with maximum 40 percent
foreign equity can enter into co-
production, joint venture or
production sharing agreement with the
Philippine Government.

2 Sector: Agriculture

Sub-Sector: Lease of Public Lands (agricultural and foreshore lands)

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)

Measures: The Constitution of the Republic of the Philippines, Article XII

Description: For corporations, associations or partnerships with maximum of 40 percent foreign equity, lease of agricultural and foreshore lands covering an area not exceeding 1,000 hectares is allowed for a period of 25 years, renewable for another 25 years, or a maximum of 50 years.

3 Sector: Forestry

Sub-Sector: Lease of Public Lands (forest and timber lands)

Industry Classification:

Type of Reservation: National Treatment (Article 89)

Measures: The Constitution of the Republic of the Philippines, Article XII

Description: 1. For corporations, associations or partnerships with maximum of 40 percent foreign equity, lease of forest or timber lands is allowed for a period of 25 years, renewable another 25 years, subject to participation in any of the following agreements or arrangements:

- (a) Integrated Forest Management Agreement (IFMA) - maximum of 40,000 hectares; and
- (b) Forest Land Grazing Management Arrangement (FLGMA) - maximum of 2,000 hectares.

2. The following are allowed for corporations, associations or partnerships with maximum 40 percent foreign equity:

- (a) Rattan Plantation Lease - maximum 30,000 hectares for a period of 25 years renewable for another 25 years; and
- (b) Special Land Use Permit/Lease - maximum of 1 year (permit) or 25 years (lease).

4 Sector: Agriculture

Sub-Sector: Lands Covered by the Comprehensive Agrarian Reform Program (CARP)

Industry Classification:

Type of Reservation: National Treatment (Article 89)

Measures: The Constitution of the Republic of the Philippines, Article XII

Description: Only citizens of the Philippines can be Agrarian Reform Beneficiaries.

- 5 Sector: Manufacturing
- Sub-Sector: Manufacture, repair, storage, and/or distribution of products and/or ingredients requiring Philippine National Police (PNP) clearance:
- (a) Firearms (handguns to shotguns), parts of firearms and ammunition thereof, instruments or implements used or intended to be used in the manufacture of firearms
 - (b) Gunpowder
 - (c) Dynamite
 - (d) Blasting supplies
 - (e) Ingredients used in making explosives:
 - (i) Chlorates of potassium and sodium
 - (ii) Nitrates of ammonium, potassium, sodium, barium, copper (II), lead (II), calcium and cuprite
 - (iii) Nitric acid
 - (iv) Nitrocellulose
 - (v) Perchlorates of ammonium, potassium and sodium
 - (vi) Dinitrocellulose
 - (vii) Glycerol
 - (viii) Amorphous Phosphorus
 - (ix) Hydrogen Peroxide
 - (x) Strontium nitrate powder
 - (xi) Toluene

(f) Telescopic sights, sniper scope
and other similar devices

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)

Measures: Foreign Investments Act of 1991
(Republic Act No. 7042, as amended by
Republic Act No. 8179), Section 8

Description: Foreign equity is limited up to 40
percent for reasons of security and
defense.

- 6 Sector: Manufacturing
- Sub-Sector: Manufacture, repair, storage and/or distribution of products requiring Department of National Defense (DND) clearance:
- (a) Guns and ammunition for warfare
 - (b) Military ordnance and components thereof (e.g., torpedoes, depth charges, bombs, grenades, missiles)
 - (c) Gunnery, bombing and fire control systems and components
 - (d) Guided missiles/missile systems and components
 - (e) Tactical aircraft (fixed and rotary-winged) and components thereof
 - (f) Space vehicles and component systems
 - (g) Combat vessels (air, land and naval) and auxiliaries
 - (h) Weapons repair and maintenance equipment
 - (i) Military communications equipment
 - (j) Night vision equipment
 - (k) Stimulated coherent radiation devices, components and accessories
 - (l) Armament training devices
 - (m) Others as may be determined by the Secretary of the DND

Industry
Classification:

Type of
Reservation: National Treatment (Article 89)

Measures: Foreign Investment Act of 1991
(Republic Act No. 7042, as amended by
Republic Act No. 8179), Section 8

Description: Foreign equity is limited up to 40
percent for reasons of security and
defense.

7 Sector: Manufacturing
Sub-Sector: Manufacture of dangerous drugs
Industry
Classification:
Type of Reservation: National Treatment (Article 89)
Measures: Foreign Investments Act of 1991
(Republic Act No. 7042, as amended by
Republic Act No. 8179), Section 8
Comprehensive Dangerous Drugs Act of
2002 (Republic Act No. 9165)
Description: Foreign equity is limited up to 40
percent for reasons of risk to public
health and morals.

8 Sector: Manufacturing

 Sub-Sector: Manufacture of firecrackers and other
 pyrotechnic devices

 Industry
 Classification:

 Type of
 Reservation: National Treatment (Article 89)

 Measures: An Act Regulating the Sale,
 Manufacture, Distribution and Use of
 Firecrackers and Other Pyrotechnics
 Devices (Republic Act No. 7183)

 Description: No foreign equity participation is
 allowed.

9 Sector: Manufacturing

Sub-Sector: Manufacture and distribution of toy
Firearms and explosives

Industry
Classification:

Type of
Reservation: Prohibition of Performance
Requirements (Article 93)

Measures: Letter of instructions (LOI) No. 1264

Description: Prohibition of importation,
manufacture, distribution, sales and
display of toy firearms and
explosives which, even if dissimilar
to in some aspects, are replicas in
appearance, measurements, color and
parts as its genuine counterpart
firearms and explosives.