COMPLETE TEXT OF THE NORTH AMERICAN FREE TRADE AGREEMENT

Compiled by TAMRC Staff

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COMPLETE TEXT OF THE NORTH AMERICAN FREE TRADE AGREEMENT

Texas Agricultural Market Research Center (TAMRC) Information Report No. IMF-3-94, Compiled by TAMRC Staff including Hope Bay, Karen DeFrehn, and Jennifer Fox, May 1994, Texas Agricultural Market Research Center, Department of Agricultural Economics, Texas A&M University, College Station, Texas 77843-2124.

ABSTRACT: This report contains the annexes included in the North American Free Trade Agreement (NAFTA), which contain reservations and exceptions for investments, cross-border trade in services, and financial services. This document was retrieved for reference purposes using Gopher access to Internet at the Albert R. Mann Library at Cornell University.

The Texas Agricultural Market Research Center (TAMRC) has been providing timely, unique, and professional research on a wide range of issues relating to agricultural markets and commodities of importance to Texas and the nation for more than two decades. TAMRC is a market research service of the Texas Agricultural Experiment Station and the Texas Agricultural Extension Service. The main TAMRC objective is to conduct research leading to expanded and more efficient markets for Texas and U. S. agricultural products. Major TAMRC research divisions include International Market Research, Consumer and Product Market Research, Commodity Market Research, and contemporary Market Issues Research.
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Specific Rules of Origin

Section A - General Interpretative Note

For purposes of interpreting the rules of origin set out in this Annex:

(a) the specific rule, or specific set of rules, that applies to a particular heading, subheading or tariff item is set out immediately adjacent to the heading, subheading or tariff item;

(b) a rule applicable to a tariff item shall take precedence over a rule applicable to the heading or subheading which is parent to that tariff item;

(c) a requirement of a change in tariff classification applies only to non-originating materials;

(d) reference to weight in the rules for goods provided for in Chapter 1 through 24 of the Harmonized System means dry weight unless otherwise specified in the Harmonized System;

(e) paragraph 1 of Article 405 (De Minimis) does not apply to:

(i) certain non-originating materials used in the production of goods provided for in the following tariff provisions: Chapter 4 of the Harmonized System, heading 15.01 through 15.08, 15.12, 15.14, 15.15 or 17.01 through 17.03, subheading 1806.10, tariff item 1901.10.aa (infant preparations containing over 10 percent by weight of milk solids), 1901.20.aa (mixes and doughs, containing over 25 percent by weight of butterfat, not put up for retail sale) or 1901.90.aa (dairy preparations containing over 10 percent by weight of milk solids), subheading 2009.11 through 2009.30 or 2009.90, heading 21.05, tariff item 2101.10.aa (instant coffee, not flavored), 2106.90.bb (concentrated fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins), 2106.90.cc (concentrated mixtures of fruit or vegetable juice, fortified with minerals or vitamins), 2106.90.dd (preparations containing over 10

The new tariff items created for purposes of Chapter Four are shown in the table following Section B.
percent by weight of milk solids), 2202.90.aa (fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins), 2202.90.bb (mixtures of fruit or vegetable juices, fortified with minerals or vitamins) or 2202.90.cc (beverages containing milk), heading 22.07 through 22.08, tariff item 2309.90.aa (animal feeds containing over 10 percent by weight of milk solids and less than 6 percent by weight of grain or grain products) or 7321.11.aa (gas stove or range), subheading 8415.10, 8415.81 through 8415.83, 8418.10 through 8418.21, 8418.29 through 8418.40, 8421.12, 8422.11, 8450.11 through 8450.20 or 8451.21 through 8451.29, Mexican tariff item 8479.82.aa (trash compactors), Canadian or U.S. tariff item 8479.89.aa (trash compactors), or tariff item 8516.60.aa (electric stove or range),

(ii) a printed circuit assembly that is a non-originating material used in the production of a good where the applicable change in tariff classification for the good places restrictions on the use of such non-originating material, and

(iii) a non-originating material used in the production of a good provided for in Chapter 1 through 27 of the Harmonized System unless the non-originating material is provided for in a different subheading than the good for which origin is being determined;

(f) paragraph 6 of Article 405 (De Minimis) applies to a good provided for in Chapter 50 through 63; and

(g) the following definitions apply:

**chapter** means a chapter of the Harmonized System;

**heading** means the first four digits in the tariff classification number under the Harmonized System;

**section** means a section of the Harmonized System;

**subheading** means the first six digits in the tariff classification number under the Harmonized System; and

**tariff item** means the first eight digits in the tariff classification number under the Harmonized System as implemented by each Party.
Section B - Specific Rules of Origin

Section I - Live Animals; Animal Products (Chapter 1-5)

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 1</td>
<td>Live Animals</td>
</tr>
<tr>
<td>01.01-01.06</td>
<td>A change to heading 01.01 through 01.06 from any other chapter.</td>
</tr>
<tr>
<td>Chapter 2</td>
<td>Meat and Edible Meat Offal</td>
</tr>
<tr>
<td>02.01-02.10</td>
<td>A change to heading 02.01 through 02.10 from any other chapter.</td>
</tr>
<tr>
<td>Chapter 3</td>
<td>Fish and Crustaceans, Molluscs and Other Aquatic Invertebrates</td>
</tr>
<tr>
<td>03.01-03.07</td>
<td>A change to heading 03.01 through 03.07 from any other chapter.</td>
</tr>
<tr>
<td>Chapter 4</td>
<td>Dairy Produce; Birds' Eggs; Natural Honey; Edible Products of Animal Origin, Not Elsewhere Specified or Included</td>
</tr>
<tr>
<td>04.01-04.10</td>
<td>A change to heading 04.01 through 04.10 from any other chapter, except from Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or Mexican tariff item 1901.90.03.</td>
</tr>
<tr>
<td>Chapter 5</td>
<td>Products of Animal Origin, Not Elsewhere Specified or Included</td>
</tr>
<tr>
<td>05.01-05.11</td>
<td>A change to heading 05.01 through 05.11 from any other chapter.</td>
</tr>
</tbody>
</table>

Section II - Vegetable Products (Chapter 6-14)

*Note: Agricultural and horticultural goods grown in the territory of a Party shall be treated as originating in the territory of that Party even if grown from seed or bulbs imported from a non-Party.*

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Chapter 6</td>
<td>Live Trees and Other Plants; Bulbs, Roots and the Like; Cut Flowers and Ornamental Foliage</td>
</tr>
<tr>
<td>06.01-06.04</td>
<td>A change to heading 06.01 through 06.04 from any other chapter.</td>
</tr>
<tr>
<td>Chapter 7</td>
<td>Edible Vegetables and Certain Roots and Tubers</td>
</tr>
<tr>
<td>07.01-07.14</td>
<td>A change to heading 07.01 through 07.14 from any other chapter.</td>
</tr>
</tbody>
</table>
Chapter 8  Edible Fruit and Nuts; Peel of Citrus Fruit or Melons
08.01-08.14  A change to heading 08.01 through 08.14 from any other chapter.

Chapter 9  Coffee, Tea, Maté and Spices
09.01-09.10  A change to heading 09.01 through 09.10 from any other chapter.

Chapter 10  Cereals
10.01-10.08  A change to heading 10.01 through 10.08 from any other chapter.

Chapter 11  Products of the Milling Industry; Malt; Starches; Inulin; Wheat Gluten
11.01-11.09  A change to heading 11.01 through 11.09 from any other chapter.

Chapter 12  Oil Seeds and Oleaginous Fruits; Miscellaneous Grains, Seeds and Fruit; Industrial or Medicinal Plants; Straw and Fodder
12.01-12.14\(^2\)  A change to heading 12.01 through 12.14 from any other chapter.

Chapter 13  Lac; Gums, Resins and Other Vegetable Saps and Extracts
13.01-13.02  A change to heading 13.01 through 13.02 from any other chapter.

Chapter 14  Vegetable Plaiting Materials; Vegetable Products Not Elsewhere Specified or Included
14.01-14.04  A change to heading 14.01 through 14.04 from any other chapter.

Section III  Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes (Chapter 15)

Chapter 15  Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes
15.01-15.18  A change to heading 15.01 through 15.18 from any other chapter.

\(^2\) See also Annex 703.2, Section A(10) and (11) and Section B(9) and (10) for heading 12.02.
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>1519.11-1519.13</td>
<td>A change to subheading 1519.11 through 1519.13 from any other heading, except from heading 15.20.</td>
</tr>
<tr>
<td>1519.19</td>
<td>A change to subheading 1519.19 from any other subheading.</td>
</tr>
<tr>
<td>1519.20</td>
<td>A change to subheading 1519.20 from any other heading, except from heading 15.20.</td>
</tr>
<tr>
<td>1520.10</td>
<td>A change to subheading 1520.10 from any other heading, except from heading 15.19.</td>
</tr>
<tr>
<td>1520.90</td>
<td>A change to subheading 1520.90 from any other subheading.</td>
</tr>
<tr>
<td>15.21-15.22</td>
<td>A change to heading 15.21 through 15.22 from any other chapter.</td>
</tr>
<tr>
<td><strong>Section IV</strong></td>
<td><strong>Prepared Foodstuffs; Beverages, Spirits and Vinegar; Tobacco and Manufactured Tobacco Substitutes (Chapter 16-24)</strong></td>
</tr>
<tr>
<td><strong>Chapter 16</strong></td>
<td>Preparations of Meat, of Fish or of Crustaceans, Molluscs or Other Aquatic Invertebrates</td>
</tr>
<tr>
<td>16.01-16.05</td>
<td>A change to heading 16.01 through 16.05 from any other chapter.</td>
</tr>
<tr>
<td><strong>Chapter 17</strong></td>
<td>Sugars and Sugar Confectionery</td>
</tr>
<tr>
<td>17.01-17.03</td>
<td>A change to heading 17.01 through 17.03 from any other chapter.</td>
</tr>
<tr>
<td>17.04</td>
<td>A change to heading 17.04 from any other heading.</td>
</tr>
<tr>
<td><strong>Chapter 18</strong></td>
<td>Cocoa and Cocoa Preparations</td>
</tr>
<tr>
<td>18.01-18.05</td>
<td>A change to heading 18.01 through 18.05 from any other chapter.</td>
</tr>
<tr>
<td>1806.10</td>
<td>A change to Canadian tariff item 1806.10, U.S. tariff item 1806.10.41 or 1806.10.42 or Mexican tariff item 1806.10.01 from any other heading.</td>
</tr>
<tr>
<td>1806.10</td>
<td>A change to subheading 1806.10 from any other heading, provided that the non-originating sugar of Chapter 17 constitutes no more than 35 percent by weight of the sugar and the non-originating cocoa powder of heading 18.05 constitutes no more than 35 percent by weight of the cocoa powder.</td>
</tr>
</tbody>
</table>

\[3\] See also Annex 703.2, Section A(10) and (11) and Section B(9) and (10).
1806.20  A change to subheading 1806.20 from any other heading.
1806.31  A change to subheading 1806.31 from any other subheading.
1806.32  A change to subheading 1806.32 from any other heading.
1806.90  A change to subheading 1806.90 from any other subheading.

Chapter 19  Preparations of Cereals, Flour, Starch or Milk; Pastrycooks' Products

1901.10

1901.10.aa  A change to Canadian tariff item 1901.10.31, U.S. tariff item 1901.10.00A, 1901.10.00B, 1901.10.00C or 1901.10.00D or Mexican tariff item 1901.10.01 from any other chapter, except from Chapter 4.

1901.10  A change to subheading 1901.10 from any other chapter.

1901.20

1901.20.aa  A change to Canadian tariff item 1901.20.11 or 1901.20.21, U.S. tariff item 1901.20.00A, 1901.20.00B, 1901.20.00C, 1901.20.00D, 1901.20.00E or 1901.20.00F or Mexican tariff item 1901.20.02 from any other chapter, except from Chapter 4.

1901.20  A change to subheading 1901.20 from any other chapter.

1901.90

1901.90.aa  A change to Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or 1901.90.80G or Mexican tariff item 1901.90.03 from any other chapter, except from Chapter 4.

1901.90  A change to subheading 1901.90 from any other chapter.

19.02-19.05  A change to heading 19.02 through 19.05 from any other chapter.

ANNEX 401-8
Chapter 20

Preparations of Vegetables, Fruit, Nuts or Other Parts of Plants

Note: Fruit, nut and vegetable preparations of Chapter 20 that have been prepared or preserved merely by freezing, by packing (including canning) in water, brine or natural juices, or by roasting, either dry or in oil (including processing incidental to freezing, packing, or roasting), shall be treated as an originating good only if the fresh good were wholly produced or obtained entirely in the territory of one or more of the Parties.

20.01-20.07

A change to heading 20.01 through 20.07 from any other chapter.

2008.11

2008.11.aa

A change to Canadian tariff item 2008.11.20, U.S. tariff item 2008.11.00B, 2008.11.00C or 2008.11.00D or Mexican tariff item 2008.11.01 from any other heading, except from heading 12.02.

2008.11.4

A change to subheading 2008.11 from any other chapter.


A change to subheading 2008.19 through 2008.99 from any other chapter.

2009.11-2009.30

A change to subheading 2009.11 through 2009.30 from any other chapter, except from heading 08.05.

2009.40-2009.80

A change to subheading 2009.40 through 2009.80 from any other chapter.

2009.90

A change to subheading 2009.90 from any other chapter; or

A change to subheading 2009.90 from any other subheading within Chapter 20, whether or not there is also a change from any other chapter, provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single strength form no more than 60 percent by volume of the good.

Chapter 21

Miscellaneous Edible Preparations

21.01

2101.10.aa

A change to Canadian tariff item 2101.10.11, U.S. tariff item 2101.10.20A or Mexican tariff item 2101.10.01 from any other chapter, provided that the non-originating coffee of Chapter 9 constitutes no more than 60 percent by weight of the good.

21.01

A change to heading 21.01 from any other chapter.

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See also Annex 703.2, Section A(10) and (11) and Section B(9) and (10).

ANNEX 401-9
21.02  A change to heading 21.02 from any other chapter.

2103.10 A change to subheading 2103.10 from any other chapter.

2103.20  

2103.20.aa A change to Canadian tariff item 2103.20.10, U.S. tariff item 2103.20.20 or Mexican tariff item 2103.20.01 from any other chapter, except from subheading 2002.90.

2103.20  A change to subheading 2103.20 from any other chapter.

2103.30-2103.90 A change to subheading 2103.30 through 2103.90 from any other chapter.

21.04 A change to heading 21.04 from any other chapter.

21.05  A change to heading 21.05 from any other heading, except from Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or Mexican tariff item 1901.90.03.

21.06  

2106.90.bb A change to Canadian tariff item 2106.90.91, U.S. tariff item 2106.90.16, 2106.90.19A, 2106.90.19B, 2106.90.19C, 2106.90.19D, 2106.90.19E, 2106.90.19F, 2106.90.19G, 2106.90.19H, 2106.90.19I or 2106.90.19J or Mexican tariff item 2106.90.06 from any other chapter, except from heading 08.05 or 20.09 or Canadian tariff item 2202.90.31, U.S. tariff item 2202.90.30, 2202.90.35, 2202.90.39A, 2202.90.39B, 2202.90.39C, 2202.90.39D, 2202.90.39E, 2202.90.39F, 2202.90.39G, 2202.90.39H, 2202.90.39I or 2202.90.39J or Mexican tariff item 2202.90.02.

2106.90.cc  

A change to Canadian tariff item 2106.90.92, U.S. tariff item 2106.90.19K or 2106.90.19L or Mexican tariff item 2106.90.07 from any other chapter, except from heading 20.09 or Canadian tariff item 2202.90.32, U.S. tariff item 2202.90.39K or 2202.90.39L or Mexican tariff item 2202.90.03; or

A change to Canadian tariff item 2106.90.92, U.S. tariff item 2106.90.19K or 2106.90.19L or Mexican tariff item 2106.90.07 from any other subheading within Chapter 21, heading 20.09 or Canadian tariff item 2202.90.32, U.S. tariff item 2202.90.39K or 2202.90.39L or Mexican tariff item 2202.90.03, whether or not there is also a change from any other chapter, provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single strength form no more than 60 percent by volume of the good.

2106.90.dd A change to Canadian tariff item 2106.90.32, U.S. tariff item 2106.90.05, 2106.90.15A, 2106.90.15B, 2106.90.15C, 2106.90.15D, 2106.90.40A,
2106.90.40B, 2106.90.40C, 2106.90.40D, 2106.90.50A, 2106.90.50B,
2106.90.50C, 2106.90.50D, 2106.90.50E, 2106.90.50F or 2106.90.65A or
Mexican tariff item 2106.90.08 from any other chapter, except from
Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item
1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E,
1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A,
1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or
1901.90.81 or Mexican tariff item 1901.90.03.

21.06\(^5\)

A change to heading 21.06 from any other chapter.

**Chapter 22**

**Beverages, Spirits and Vinegar**

A change to heading 22.01 from any other chapter.

2202.10

A change to subheading 2202.10 from any other chapter.

2202.90

2202.90.aa

A change to Canadian tariff item 2202.90.31, U.S. tariff item 2202.90.30,
2202.90.35, 2202.90.39A, 2202.90.39B, 2202.90.39C, 2202.90.39D,
2202.90.39E, 2202.90.39F, 2202.90.39G, 2202.90.39H, 2202.90.39I or
2202.90.39J or Mexican tariff item 2202.90.02 from any other chapter,
except from heading 08.05 or 20.09 or Canadian tariff item 2106.90.91,
U.S. tariff item 2106.90.16, 2106.90.19A, 2106.90.19B, 2106.90.19C,
2106.90.19D, 2106.90.19E, 2106.90.19F, 2106.90.19G, 2106.90.19H,
2106.90.19I or 2106.90.19J or Mexican tariff item 2106.90.06.

2202.90.bb

A change to Canadian tariff item 2202.90.32, U.S. tariff item 2202.90.39K
or 2202.90.39L or Mexican tariff item 2202.90.03 from any other chapter,
except from heading 20.09 or Canadian tariff item 2106.90.92, U.S. tariff
item 2106.90.19K or 2106.90.19L or Mexican tariff item 2106.90.07; or

A change to Canadian tariff item 2202.90.32, U.S. tariff item 2202.90.39K
or 2202.90.39L or Mexican tariff item 2202.90.03 from any other
subheading within Chapter 22, heading 20.09 or Canadian tariff item
2106.90.92, U.S. tariff item 2106.90.19K or 2106.90.19L or Mexican
tariff item 2106.90.07, whether or not there is also a change from any
other chapter, provided that a single juice ingredient, or juice ingredients
from a single non-Party, constitute in single strength form no more than 60
percent by volume of the good.

2202.90.cc

A change to Canadian tariff item 2202.90.40, U.S. tariff item 2202.90.10
or 2202.90.20 or Mexican tariff item 2202.90.04 from any other chapter.

\(^5\) See also Annex 703.2, Section A(10) and (11) and Section B(9) and (10) for Canadian tariff item
2106.90.21, U.S. tariff item 2106.90.12 or Mexican tariff item 2106.90.05.

ANNEX 401-11
except from Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or 1901.90.80G or Mexican tariff item 1901.90.03.

2202.90 A change to subheading 2202.90 from any other chapter.

22.03-22.09 PC =
ANNEX I

RESERVATIONS FOR EXISTING MEASURES
AND LIBERALIZATION COMMITMENTS
Annex I

1. The Schedule of a Party sets out, pursuant to Articles 1108(1) (Investment), 1206(1) (Cross-Border Trade in Services) and 1409(4) (Financial Services), the reservations taken by that Party with respect to existing measures that do not conform with obligations imposed by:

   (a) Article 1102, 1202 or 1405 (National Treatment),
   (b) Article 1103, 1203 or 1406 (Most-Favored-Nation Treatment),
   (c) Article 1205 (Local Presence),
   (d) Article 1106 (Performance Requirements), or
   (e) Article 1107 (Senior Management and Boards of Directors),

and, in certain cases, sets out commitments for immediate or future liberalization.

2. Each reservation sets out the following elements:

   (a) Sector refers to the general sector in which the reservation is taken;
   (b) Sub-Sector refers to the specific sector in which the reservation is taken;
   (c) Industry Classification refers, where applicable, 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 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 laws, regulations or other measures, as qualified, where indicated, by the Description element, for which the reservation is taken. A measure cited in the Measures element...
Annex I

(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;

(g) Description sets out commitments, if any, for liberalization on the date of entry into force of this Agreement, and the remaining non-conforming aspects of the existing measures for which the reservation is taken; and

(h) Phase-Out sets 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 the Chapters against which the reservation is taken. To the extent that:

(a) 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;

(b) the Measures element is qualified by a liberalization commitment from the Description element, the Measures element as so qualified shall prevail over all other elements; and

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

4. Where a Party maintains a measure that requires that a service provider be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a reservation for that measure taken with respect to Article 1202, 1203 or 1205 or Article 1404, 1405 or 1406 shall operate as a reservation with respect to Article 1102, 1103 or 1106 to the extent of that measure.
5. For purposes of this Annex:

CMAP means Clasificación Mexicana de Actividades y Productos (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

concession means an authorization provided by the State to a person to exploit a natural resource or provide a service, for which Mexican nationals and Mexican enterprises are granted priority over foreigners;


foreigners' exclusion clause means the express provision in an enterprise's by-laws stating that the enterprise shall not allow foreigners, directly or indirectly, to become partners or shareholders of the enterprise;

international cargo means goods that have an origin or destination outside the territory of a Party;

Mexican enterprise means an enterprise constituted under the law of Mexico; and

SIC means:

(a) with respect to Canada, Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and

Annex I
Schedule of Canada

Sector: Agriculture

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: 
Farm Credit Act, R.S.C. 1985, c. F-2

Farm Credit Regulations, C.R.C. 1978, c. 644

Description: Investment

Loans by the Farm Credit Corporation may be made only to:

(a) individuals who are Canadian citizens or permanent residents;

(b) farming corporations controlled by Canadian citizens or permanent residents; or

(c) cooperative farm associations, all members of which are Canadian citizens or permanent residents.

Phase-Out: None

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Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)
Performance Requirements (Article 1106)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: Investment Canada Act, R.S.C. 1985, c. 28
(1st Supp.)

Investment Canada Regulations, SOR/85-611

As qualified by paragraphs 8 through 12 of the Description element

Description: Investment

1. Under the Investment Canada Act, the following acquisitions of Canadian businesses by "non-Canadians" are subject to review by Investment Canada:

   (a) all direct acquisitions of Canadian businesses with assets of C$5 million or more;

   (b) all indirect acquisitions of Canadian businesses with assets of C$50 million or more; and

   (c) indirect acquisitions of Canadian businesses with assets between C$5 million and C$50 million that represent more than 50 percent of the value of the assets of all the entities the control of which is being acquired, directly or indirectly, in the transaction in question.
Annex I - Canada

2. A "non-Canadian" is an individual, government or agency thereof or an entity that is not "Canadian". "Canadian" means a Canadian citizen or permanent resident, government in Canada or agency thereof or Canadian-controlled entity as provided for in the Investment Canada Act.

3. In addition, specific acquisitions or new businesses in designated types of business activities relating to Canada's cultural heritage or national identity, which are normally notifiable, may be reviewed if the Governor in Council authorizes a review in the public interest.

4. An investment subject to review under the Investment Canada Act may not be implemented unless the Minister responsible for the Investment Canada Act advises the applicant that the investment is likely to be of net benefit to Canada. Such a determination is made in accordance with six factors described in the Act, summarized as follows:

(a) the effect of the investment on the level and nature of economic activity in Canada, including the effect on employment, on the utilization of parts, components and services produced in Canada, and on exports from Canada;

(b) the degree and significance of participation by Canadians in the investment;

(c) the effect of the investment on productivity, industrial efficiency, technological development and product innovation in Canada;

(d) the effect of the investment on competition within any industry or industries in Canada;

(e) the compatibility of the investment with national industrial, economic and cultural policies, taking into
consideration industrial, economic and cultural policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the investment; and

(f) the contribution of the investment to Canada's ability to compete in world markets.

5. In making a net benefit determination, the Minister, through Investment Canada, may review plans under which the applicant demonstrates the net benefit to Canada of the proposed acquisition. An applicant may also submit undertakings to the Minister in connection with any proposed acquisition which is the subject of review. In the event of noncompliance with an undertaking by an applicant, the Minister may seek a court order directing compliance or any other remedy authorized under the Act.

6. Non-Canadians who establish or acquire Canadian businesses, other than those described above, must notify Investment Canada.

7. Investment Canada will review an "acquisition of control", as defined in the Investment Canada Act, of a Canadian business by an investor of Mexico or of the United States if the value of the gross assets of the Canadian business is not less than the applicable threshold.

8. The review threshold applicable to investors of Mexico or of the United States, calculated as set out in the Phase-Out element, is higher than those described in paragraph 1. However, this higher review threshold does not apply in the following sectors: uranium production and ownership of uranium producing properties; oil and gas; financial services; transportation services; and cultural businesses.
9. Notwithstanding the definition of "investor of a Party" in Article 1139, only investors who are nationals, or entities controlled by nationals as provided for in the Investment Canada Act, of Mexico or of the United States may benefit from the higher review threshold.

10. An indirect "acquisition of control" of a Canadian business by an investor of Mexico or of the United States is not reviewable.

11. Notwithstanding Article 1106(1), Canada may impose requirements, or enforce any commitment or undertaking, in connection with the establishment, acquisition, expansion, conduct or operation of an investment of an investor of another Party or of a non-Party for the transfer of technology, production process or other proprietary knowledge to a national or enterprise, affiliated to the transferor, in Canada, in connection with the review of an acquisition of an investment under the Investment Canada Act.

12. Except for requirements, commitments or undertakings relating to technology transfer as set out in paragraph 11, Article 1106(1) shall apply to requirements, commitments or undertakings imposed or enforced under the Investment Canada Act. Article 1106(1) shall not be construed to apply to any requirement, commitment or undertaking imposed or enforced in connection with a review under the Investment Canada Act, to locate production, carry out research and development, employ or train workers, or to construct or expand particular facilities, in Canada.

Phase-Out:

For investors of Mexico or of the United States, the applicable threshold for the review of a direct acquisition of control of a Canadian business will be:

(a) for the 12-month period beginning on the date of entry into force of this Agreement, the monetary amount as
determined in accordance with Annex 1607.3 of the
Canada - United States Free Trade Agreement; and

(b) beginning one year after the date of entry into force of
this Agreement, the monetary amount for the preceding
year multiplied by an annual adjustment representing the
increase in nominal Gross Domestic Product, as set out
below.

The calculation of the annual adjustment will be determined in
January of each year after 1994 using the most recently available
data published by Statistics Canada and using the following
formula:

\[
\text{Annual Adjustment} = \frac{\text{Current nominal GDP at market prices}}{\text{Previous year nominal GDP at market prices}}
\]

"Current nominal GDP at market prices" means the arithmetic
mean of the nominal Gross Domestic Product at market prices
for the most recent four consecutive quarters (seasonally
adjusted at annual rates).

"Previous year nominal GDP at market prices" means the
arithmetic mean of the nominal Gross Domestic Product at
market prices for the four consecutive quarters (seasonally
adjusted at annual rates) for the comparable period in the year
preceding the year used in calculating the "current nominal GDP
at market prices".

The amounts determined in this manner will be rounded to the
nearest million dollars.
Annex I - Canada

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal
Provincial

Measures: As set out in the Description element

Description: Investment

Canada or any province, when selling or disposing of its equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose limitations on the ownership of such interests or assets, and on the ability of owners of such interests or assets to control any resulting enterprise, by investors of another Party or of a non-Party or their investments. With respect to such a sale or other disposition, Canada or any province may adopt or maintain any measure relating to the nationality of senior management or members of the board of directors.

For purposes of this reservation:

(a) any measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interests or assets or imposes nationality requirements described in this reservation shall be deemed to be an existing measure; and
Annex I - Canada

(b) "state enterprise" means an enterprise owned or controlled through ownership interests by Canada or a province and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or disposing of equity interests in, or the assets of, an existing state enterprise or governmental entity.

Phase-Out: None
Annex I - Canada

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures:  


*Canada Business Corporations Act Regulations*, SOR/79-316

Description: Investment

"Constraints" may be placed on the issue, transfer and ownership of shares in federally incorporated corporations. The object is to permit corporations to meet Canadian ownership requirements, under certain laws set out in the *Canada Business Corporations Act Regulations*, in sectors where ownership is required as a condition to operate or to receive licenses, permits, grants, payments or other benefits. In order to maintain certain "Canadian" ownership levels, a corporation is permitted to sell shareholders' shares without the consent of those shareholders, and to purchase its own shares on the open market. "Canadian" is defined in the *Canada Business Corporations Act Regulations*.

Phase-Out: None
Annex I - Canada

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: 

- Canada Business Corporations Act, R.S.C. 1985, c. C-44
- Canada Business Corporations Act Regulations, SOR/79-316
- Canada Corporations Act, R.S.C. 1970, c. C-32

Special Acts of Parliament incorporating specific companies

Description: Investment

The Canada Business Corporations Act requires that a simple majority of the board of directors, or of a committee thereof, of a federally-incorporated corporation be resident Canadians. For purposes of the Act, "resident Canadian" means an individual who is a Canadian citizen ordinarily resident in Canada, a citizen who is a member of a class set out in the Canada Business Corporations Act Regulations, or a permanent resident as defined in the Immigration Act other than one who has been ordinarily resident in Canada for more than one year after he became eligible to apply for Canadian citizenship.

In the case of a holding corporation, not more than one-third of the directors need be resident Canadians if the earnings in Canada of the holding corporation and its subsidiaries are less than five percent of the gross earnings of the holding corporation and its subsidiaries.
Under the *Canada Corporations Act*, a simple majority of the elected directors of a Special Act corporation must be resident in Canada and citizens of a Commonwealth country. This requirement applies to every joint stock company incorporated subsequent to June 22, 1869 by any Special Act of Parliament.

**Phase-Out:** None
Annex I - Canada

Sector: All Sectors

Sub-Sector: 

Industry Classification: 

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: 

Citizenship Act, R.S.C. 1985, c. C-29

Foreign Ownership of Land Regulations, SOR/79-416

Description: Investment

The Foreign Ownership of Land Regulations are made pursuant to the Citizenship Act and the Alberta Agricultural and Recreational Land Ownership Act. In Alberta, an ineligible person or foreign-owned or controlled corporation may only hold an interest in controlled land consisting of not more than two parcels containing, in the aggregate, not more than 20 acres. An "ineligible person" is:

(a) an individual who is not a Canadian citizen or permanent resident;

(b) a foreign government or agency thereof; or

(c) a corporation incorporated elsewhere than in Canada.

"Controlled land" means land in Alberta but does not include:

(a) land other than land owned by the Crown;

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(b) land within a city, town, new town, village or summer village; and

(c) mines or minerals.

Phase-Out: None
Annex I - Canada

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: 

Air Canada Public Participation Act, R.S.C. 1985, c. 35 (4th Supp.)

Canada Development Corporation Reorganization Act, S.C. 1985, c. 49

Petro-Canada Public Participation Act, S.C. 1991, c. 10


Eldorado Nuclear Limited Reorganization and Divestiture Act, S.C. 1988, c. 41

Nordion and Theratronics Divestiture Authorization Act, S.C. 1990, c. 4

Description: Investment

A "non-resident" may not own more than a specified percentage of the voting shares of the corporation to which each Act applies. For each company the restriction is as follows:

Air Canada: 25 percent
Canada Development Corporation: 25 percent

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Petro-Canada Inc: 25 percent
Canadian Arsenals Limited: 25 percent
Eldorado Nuclear Limited: 5 percent
Nordion Limited: 25 percent
Theratronics Limited: 49 percent
Cooperative Energy Corporation: 49 percent

"Non-resident" generally means:

(a) an individual, other than a Canadian citizen, who is not ordinarily resident in Canada;

(b) a corporation incorporated, formed or otherwise organized outside Canada;

(c) the government of a foreign state or any political subdivision thereof, or a person empowered to perform a function or duty on behalf of such a government;

(d) a corporation that is controlled directly or indirectly by non-residents as defined in any of paragraphs (a) through (c);

(e) a trust

(i) established by a non-resident as defined in any of paragraphs (b) through (d), other than a trust for the administration of a pension fund for the benefit of individuals a majority of whom are residents, or

(ii) in which non-residents as defined in any of paragraphs (a) through (d) have more than 50 percent of the beneficial interest; or

(f) a corporation that is controlled directly or indirectly by a trust referred to in paragraph (e).

Phase-Out: None

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Sector: All Sectors

Sub-Sector: 

Industry Classification: 

Type of Reservation: Local Presence (Article 1205)

Level of Government: Federal


Description: Cross-Border Services

Only individuals ordinarily resident in Canada, enterprises having their head offices in Canada or branch offices in Canada of foreign enterprises may apply for and be issued import or export permits or transit authorization certificates for goods and related services subject to controls under the Export and Import Permits Act.

Phase-Out: None
Sector: Automotive

Sub-Sector: 

Industry Classification: 

Type of Reservation: Performance Requirements (Article 1106)

Level of Government: Federal

Measures: Canada - United States Free Trade Agreement Implementation Act, S.C. 1988, c. 65

Description: Investment

Canada may grant waivers of customs duties conditioned, explicitly or implicitly, on the fulfillment of performance requirements:

(a) to those manufacturers of automotive goods set out in Part One of Annex 1002.1 of the Canada - United States Free Trade Agreement, in accordance with the headnote to that Part; and

(b) for the applicable periods specified in Article 1002(2) and (3) of the Canada - United States Free Trade Agreement to those manufacturers of automotive goods set out in Parts Two and Three, respectively, of Annex 1002.1 of that Agreement.

Phase-Out:

(a) None

(b) For Part Two, until January 1, 1998; and for Part Three, until January 1, 1996 or such earlier date specified in existing agreements between Canada and the recipient of the waiver.
Annex I - Canada

Sector: Business Service Industries

Sub-Sector: Customs Brokerages and Brokers

Industry Classification: SIC 7794 Customs Brokers

Type of Reservation: National Treatment (Article 1202)
Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: Customs Act, R.S.C. 1985, c. I (2nd Supp.)
Customs Brokers Licensing Regulations, SOR/86-1067

Description: Cross-Border Services and Investment

To be a licensed customs broker or brokerage in Canada:

(a) an individual must be a Canadian citizen or permanent resident;

(b) a corporation must be incorporated in Canada with a majority of its directors being Canadian citizens or permanent residents; and

(c) a partnership must be composed of persons who are Canadian citizens or permanent residents, or corporations incorporated in Canada with a majority of their directors being Canadian citizens or permanent residents.

An individual who is not a licensed customs broker but who transacts business as a customs broker on behalf of a licensed customs broker or brokerage must be a Canadian citizen or permanent resident.

Phase-Out: None. Subject to discussion by the Parties five years after the date of entry into force of this Agreement.
Annex I - Canada

Sector: Business Service Industries

Sub-Sector: Duty Free Shops

Industry Classification: SIC 6599 Other Retail Stores, Not Elsewhere Classified (limited to duty free shops)

Type of Reservation: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)

Level of Government: Federal

Measures: Customs Act, R.S.C. 1985, c. 1 (2nd Supp.)
Duty Free Shop Regulations, SOR/86-1072

Description: Cross-Border Services and Investment

1. To be a licensed duty free shop operator at a land border crossing in Canada, an individual must:
   (a) be a Canadian citizen or permanent resident;
   (b) be of good character;
   (c) be principally resident in Canada; and
   (d) have resided in Canada for at least 183 days of the year preceding the year of application for the license.

2. To be a licensed duty free shop operator at a land border crossing in Canada, a corporation must:
   (a) be incorporated in Canada; and
   (b) have all of its shares beneficially owned by Canadian citizens or permanent residents who meet the requirements of paragraph 1.

Phase-Out: None
Sector: Business Service Industries

Sub-Sector: Examination Services relating to the Export and Import of Cultural Property

Industry Classification: SIC 999 Other Services, Not Elsewhere Classified (limited to cultural property examination services)

Type of Reservation: Local Presence (Article 1205)

Level of Government: Federal

Measures: Cultural Property Export and Import Act, R.S.C. 1985, c. C-51

Description: Cross-Border Services

Only a "resident of Canada" or an "institute" in Canada may be designated as an "expert examiner" of cultural property for purposes of the Cultural Property Export and Import Act. A "resident" of Canada is an individual who is ordinarily resident in Canada, or a corporation that has its head office in Canada or maintains one or more establishments in Canada to which employees employed in connection with the business of the corporation ordinarily report for work. An "institute" is an institution that is publicly owned and operated solely for the benefit of the public, that is established for educational or cultural purposes and that conserves objects and exhibits them.

Phase-Out: None
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Business Service Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Sector:</td>
<td>Patent Agents and Agencies</td>
</tr>
<tr>
<td>Industry Classification:</td>
<td>SIC 999 Other Services, Not Elsewhere Classified (limited to patent agency)</td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 1202)</td>
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<td>Local Presence (Article 1205)</td>
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<td>Level of Government:</td>
<td>Federal</td>
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<tr>
<td></td>
<td>Patent Rules, C.R.C. 1978, c. 1250</td>
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<tr>
<td></td>
<td>Patent Cooperation Treaty Regulations, SOR/89-453</td>
</tr>
<tr>
<td>Description:</td>
<td>Cross-Border Services</td>
</tr>
</tbody>
</table>

To represent persons in the presentation and prosecution of applications for patents or in other business before the Patent Office, a patent agent must be resident in Canada and registered by the Patent Office.

A registered patent agent who is not resident in Canada must appoint a registered patent agent who is resident in Canada as an associate to prosecute an application for a patent.

An enterprise may be added to the patent register provided that it has at least one member who is also on the register.

| Phase-Out: | Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3). |

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Annex I - Canada

Sector: Business Service Industries

Sub-Sector: Trade-Mark Agents

Industry Classification: SIC 999 Other Services, Not Elsewhere Classified (limited to trade-mark agency)

Type of Reservation: National Treatment (Article 1202)
Most-Favored-Nation Treatment (Article 1203)
Local Presence (Article 1205)

Level of Government: Federal

Measures:
Trade-Marks Act, R.S.C. 1985, c. T-13
Trade-Marks Regulations, C.R.C. 1978, c. 1559

Description:
Cross-Border Services

To represent persons in the presentation and prosecution of applications for trade-marks or in other business before the Trade-Mark Office, a trade-mark agent must be resident in Canada and registered by the Trade-Mark Office.

A registered trade-mark agent who is not resident in Canada must appoint a registered trade-mark agent who is resident in Canada as an associate to prosecute an application for a trade-mark.

Trade-mark agents who are resident, and are registered (in good standing), in a Commonwealth country or the United States may be added to the register of trade-mark agents.

Phase-Out:
Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3).
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Energy</th>
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</thead>
<tbody>
<tr>
<td>Sub-Sector:</td>
<td>Oil and Gas</td>
</tr>
<tr>
<td>Industry Classification:</td>
<td>SIC 071  Crude Petroleum and Natural Gas Industries</td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 1102)</td>
</tr>
<tr>
<td>Level of Government:</td>
<td>Federal</td>
</tr>
<tr>
<td>Description:</td>
<td>Investment</td>
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<td></td>
<td>This reservation applies to production licenses issued with respect to &quot;frontier lands&quot; and &quot;offshore areas&quot; (areas not under provincial jurisdiction) as defined in the applicable measures. Persons who hold oil and gas production licenses or shares therein for discoveries made after March 5, 1982 must be Canadian citizens ordinarily resident in Canada, permanent residents or corporations incorporated in Canada. No production license may be issued for discoveries made after March 5, 1982 unless the Minister of Energy, Mines and Resources is satisfied that the Canadian ownership rate of the interest-owner in relation to the production license on the date of issuance would not be less than 50 percent. &quot;Interest-owner&quot; is...</td>
</tr>
</tbody>
</table>

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defined in the *Canada Petroleum Resources Act* to mean "the interest holder who owns an interest or the group of interest holders who hold all the shares of an interest".

The Canadian ownership requirements for oil and gas production licenses for discoveries made prior to March 5, 1982, are set out in the *Canada Oil and Gas Land Regulations*.

**Phase-Out:** None
Sector: Energy
Sub-Sector: Oil and Gas
Industry Classification: SIC 071 Crude Petroleum and Natural Gas Industries
Type of Reservation: Performance Requirements (Article 1106)
Local Presence (Article 1205)
Level of Government: Federal
Canada - Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c. 3
Measures implementing Yukon Oil and Gas Accord
Measures implementing Northwest Territories Oil and Gas Accord
As qualified by paragraphs 5 and 6 of the Description element

Description: Cross-Border Services and Investment

1. Under the Canada Oil and Gas Operations Act, the approval of the Minister of Energy, Mines and Resources of a "benefits plan" is required to receive authorization to proceed with any oil and gas development project.

2. A "benefits plan" is a plan for the employment of Canadians and for providing Canadian manufacturers, consultants, contractors and service companies with a full and fair opportunity to participate on a competitive basis in the supply of goods and services used in any proposed work or
activity referred to in the benefits plan. The Act permits the
Minister to impose an additional requirement on the applicant, as
part of the benefits plan, to ensure that disadvantaged individuals
or groups have access to training and employment opportunities
or can participate in the supply of goods and services used in
any proposed work referred to in the benefits plan.

3. The Canada - Nova Scotia Offshore Petroleum Resources
Accord Implementation Act and the Canada - Newfoundland
Atlantic Accord Implementation Act have the same requirement
for a benefits plan but also require that the benefits plan ensure
that:

(a) prior to carrying out any work or activity in the offshore
area, the corporation or other body submitting the plan
establish in the applicable province an office where
appropriate levels of decision-making are to take place;

(b) expenditures be made for research and development to be
carried out in the province, and for education and
training to be provided in the province; and

(c) first consideration be given to goods produced or services
provided from within the province, where those goods or
services are competitive in terms of fair market price,
quality and delivery.

4. The Boards administering the benefits plan under these
Acts may also require that the plan include provisions to ensure
that disadvantaged individuals or groups, or corporations owned
or cooperatives operated by them, participate in the supply of
goods and services used in any proposed work or activity
referred to in the plan.

5. In addition, Canada may impose any requirement or
enforce any commitment or undertaking for the transfer of
technology, a production process or other proprietary knowledge
to a person of Canada in connection with the approval of
development projects under the applicable Acts.
6. Provisions similar to those set out above will be included in laws or regulations to implement the Yukon Oil and Gas Accord and Northwest Territories Oil and Gas Accord which for purposes of this reservation shall be deemed, once concluded, to be existing measures.

Phase-Out: None
Sector: Energy
Sub-Sector: Oil and Gas
Industry Classification: SIC 071  Crude Petroleum and Natural Gas Industries
Type of Reservation: Performance Requirements (Article 1106)
Level of Government: Federal
Measures:  
Canada - Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c. 3
Hibernia Development Project Act, S.C. 1990, c. 41
Description: Investment

Pursuant to the Hibernia Development Project Act, Canada and the "Hibernia Project Owners" may enter into agreements whereby the Project Owners undertake to perform certain work in Canada and Newfoundland and to use their "best efforts" to achieve specific Canadian and Newfoundland "target levels" in relation to the provisions of any "benefit plan" required under the Canada-Newfoundland Atlantic Accord Implementation Act. "Benefits plans" are further described in Schedule of Canada, Annex I, page I-C-25.

In addition, Canada may impose in connection with the Hibernia project any requirement or enforce any commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a national or enterprise in Canada.

Phase-Out: None
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Energy</th>
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</thead>
<tbody>
<tr>
<td>Sub-Sector:</td>
<td>Uranium</td>
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<tr>
<td>Industry Classification:</td>
<td>SIC 0616 Uranium Mines</td>
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<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 1102)</td>
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<td>Most-Favored-Nation Treatment (Article 1103)</td>
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<td>Level of Government:</td>
<td>Federal</td>
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<td></td>
<td><em>Investment Canada Regulations</em>, SOR/85-611</td>
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<tr>
<td></td>
<td><em>Policy on Non-Resident Ownership in the Uranium Mining Sector</em>, 1987</td>
</tr>
<tr>
<td>Description:</td>
<td><em>Investment</em></td>
</tr>
<tr>
<td></td>
<td>Ownership by &quot;non-Canadians&quot;, as defined in the <em>Investment Canada Act</em>, of a uranium mining property is limited to 49 percent at the stage of first production. Exceptions to this limit may be permitted if it can be established that the property is in fact &quot;Canadian-controlled&quot; as defined in the <em>Investment Canada Act</em>.</td>
</tr>
<tr>
<td></td>
<td>Exemptions from the policy are permitted, subject to approval of the Governor in Council, only in cases where Canadian participants in the ownership of the property are not available. Investments in properties by non-Canadians, made prior to December 23, 1987 and that are beyond the permitted ownership level, may remain in place. No increase in non-Canadian ownership is permitted.</td>
</tr>
<tr>
<td>Phase-Out:</td>
<td>None</td>
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</tbody>
</table>
Sector: Fisheries
Sub-Sector: Fish Harvesting and Processing
Industry Classification: SIC 031 Fishing Industry
Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)
Level of Government: Federal
Measures:
- Coastal Fisheries Protection Act, R.S.C. 1985, c. C-33
- Fisheries Act, R.S.C. 1985, c. F-14
- Coastal Fisheries Protection Regulations, C.R.C. 1978, c. 413
- Policy on Foreign Investment in the Canadian Fisheries Sector, 1985
- Commercial Fisheries Licensing Policy
Description: Investment

Under the Coastal Fisheries Protection Act, foreign fishing vessels are prohibited from entering Canada's Exclusive Economic Zone except under authority of a license or under treaty. "Foreign" vessels are those which are not "Canadian" as defined in the Coastal Fisheries Protection Act. Under the Fisheries Act, the Minister of Fisheries and Oceans has discretionary authority with respect to the issuance of licenses.

Fish processing enterprises that have a foreign ownership level of more than 49 percent are prohibited from holding Canadian commercial fishing licenses.

Phase-Out: None
Sector: Fisheries

Sub-Sector: Fishing-Related Services

Industry Classification: SIC 032 Services Incidental to Fishing

Type of Reservation: National Treatment (Article 1202)
Most-Favored-Nation Treatment (Article 1203)

Level of Government: Federal

Measures: Coastal Fisheries Protection Act, R.S.C. 1985, c. C-33

Description: Cross-Border Services

Under the Coastal Fisheries Protection Act, the Department of Fisheries and Oceans is responsible for controlling the activities of foreign fishing vessels in Canada's Exclusive Economic Zone, including access to Canadian ports (port privileges).

In general, the Department grants such port privileges, including the purchase of fuel and supplies, ship repair, crew exchanges and transshipment of fish catches, only to fishing vessels from a country with which it has favorable fishery relations, based primarily on adherence by that country to Canadian and international conservation practices and policies. Exceptions to this general rule are permitted in cases of emergency ("force majeure") and where the specific provisions of bilateral fisheries treaties apply.

Phase-Out: None
Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification: SIC 451 Air Transport Industries

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: *National Transportation Act*, 1987, R.S.C. 1985, c. 28
(3rd Supp.)


*Air Regulations*, C.R.C. 1978, c. 2

*Aircraft Marking and Registration Regulations*, SOR/90-591

Description: Investment

Only "Canadians" may provide the following commercial air transportation services:

(a) "domestic services" (air services between points, or from and to the same point, in the territory of Canada, or between a point in the territory of Canada and a point not in the territory of another country);

(b) "scheduled international services" (scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those services have been reserved to Canadian carriers under existing or future bilateral agreements; and

(c) "non-scheduled international services" (non-scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those
services have been reserved to Canadian carriers under the National Transportation Act, 1987.

"Canadian" is defined in the National Transportation Act, 1987 to mean a Canadian citizen or permanent resident, a government in Canada or agent thereof or any other person or entity that is controlled in fact by, and of which at least 75 percent of the voting interests are owned and controlled by, persons otherwise meeting these requirements.

Regulations made under the Aeronautics Act also require that a Canadian air carrier operate Canadian-registered aircraft. To be qualified to register aircraft in Canada, a carrier must be a Canadian citizen or permanent resident, or a corporation incorporated and having its principal place of business in Canada, its chief executive officer and not fewer than two-thirds of its directors as Canadian citizens or permanent residents and not less than 75 percent of its voting interest owned and controlled by persons otherwise meeting these requirements. In addition, all commercial air services in Canada require a Canadian operating certificate to ensure their safety and security. An operating certificate for the provision of services restricted to Canadian carriers is issued only to qualified persons.

A corporation incorporated in Canada but that does not meet the Canadian ownership and control requirements may only register a private aircraft when the corporation is the sole owner of the aircraft. The regulations also have the effect of limiting "non-Canadian" corporations operating foreign-registered private aircraft within Canada to the carriage of their own employees.

For specialty air services, see Schedule of Canada, Annex II, page II-C-10.

Phase-Out: None
Annex I - Canada

Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification: SIC 4513 Non-Scheduled Air Transport, Specialty, Industry

Type of Reservation: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal


Air Regulations, C.R.C. 1978, c. 2

Aircraft Marking and Registration Regulations, SOR/90-591

Foreign Air Carrier Certification Manual, TP 11524, and the Personnel Licensing Handbook, TP 193 (Department of Transport)

As qualified by paragraph 2 of the Description element

Description: Cross-Border Services

1. An operating certificate issued by the Department of Transport is required to provide specialty air services in the territory of Canada. The Department of Transport will issue an operating certificate to a person applying for authority to provide specialty air services, subject to compliance by that person with Canadian safety requirements. An operating certificate for the provision of aerial construction, heli-logging, aerial inspection, aerial surveillance, flight training, aerial sightseeing, and aerial spraying services is not issued to a person that is not Canadian as provided for in the applicable regulations. For investment, see Schedule of Canada, Annex II, page II-C-10.
2. A person of Mexico or of the United States may obtain an operating certificate, subject to compliance by that person with Canadian safety requirements, for the provision of aerial mapping, aerial surveying, aerial photography, forest fire management, fire-fighting, aerial advertising, glider towing and parachute jumping services.

**Phase-Out:**

**Cross-Border Services**

A person of Mexico or of the United States will be permitted to obtain an operating certificate, subject to compliance by that person with Canadian safety requirements, for the provision of the following specialty air services:

(a) two years after the date of entry into force of this Agreement, aerial construction and heli-logging services;

(b) three years after the date of entry into force of this Agreement, aerial inspection, aerial surveillance, flight training, and aerial sightseeing services; and

(c) six years after the date of entry into force of this Agreement, aerial spraying services.
## Annex I - Canada

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<td>Sub-Sector:</td>
<td>Air Transportation</td>
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</table>
| Industry Classification:| SIC 4523 Aircraft Servicing Industry  
                         | SIC 3211 Aircraft and Aircraft Parts Industry |
| Type of Reservation:   | Most-Favored-Nation Treatment (Article 1203)  
                         | Local Presence (1205) |
| Level of Government:   | Federal |
                         | *Airworthiness Manual*, chapters 573 and 575, made under the authority of *Air Regulations*, C.R.C. 1978, c. 2  
                         | *Agreement Concerning Airworthiness Certification*, Exchange of Letters between Canada and the United States, dated August 31, 1984, CTS 1984/26 |
| Description:           | Cross-Border Services |

Aircraft repair, overhaul or maintenance activities required to maintain the airworthiness of Canadian-registered aircraft must be performed by Canadian-certified persons (approved maintenance organizations and aircraft maintenance engineers). Certifications are not provided for persons located outside Canada, except sub-organizations of approved maintenance organizations that are themselves located in Canada.

Pursuant to an airworthiness agreement between Canada and the United States, Canada recognizes the certifications and oversight provided by the United States for all repair, overhaul and maintenance facilities and individuals performing the work located in the United States.

| Phase-Out: | None |

I-C-36
Annex I - Canada

Sector: Transportation

Sub-Sector: Land Transportation

Industry Classification:
- SIC 456 Truck Transport Industries
- SIC 4572 Interurban and Rural Transit Systems Industry
- SIC 4573 School Bus Operations Industry
- SIC 4574 Charter and Sightseeing Bus Services Industry

Type of Reservation:
- National Treatment (Article 1202)
- Local Presence (Article 1205)

Measures:

- *National Transportation Act*, 1987, R.S.C. 1985, c. 28 (3rd Supp.), Part IV


Description: Cross-Border Services

Only persons of Canada, using Canadian-registered and either Canadian-built or duty-paid trucks or buses, may provide truck or bus services between points in the territory of Canada.

Phase-Out: None

I-C-37
Annex I - Canada

Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification:
- SIC 4541 Freight and Passenger Water Transport Industry
- SIC 4542 Ferry Industry
- SIC 4543 Marine Towing Industry
- SIC 4549 Other Water Transport Industries
- SIC 4553 Marine Salvage Industry
- SIC 4559 Other Service Industries Incidental to Water Transport

Type of Reservation:
- National Treatment (Article 1202)
- Most-Favored-Nation Treatment (Article 1203)
- Local Presence (Article 1205)

Level of Government: Federal

Measures: Canada Shipping Act, R.S.C. 1985, c. S-9, Part II

Description: Cross-Border Services

To register a vessel in Canada for purposes of providing international maritime transportation services, the owner of that vessel must be:

(a) a Canadian citizen or a citizen of a Commonwealth country; or

(b) a corporation incorporated under the laws of, and having its principal place of business in, Canada or a Commonwealth country.

For domestic maritime transportation services (cabotage), see Schedule of Canada, Annex II, page II-C-11.

Phase-Out: None
Annex I - Canada

Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification:
- SIC 4541 Freight and Passenger Water Transport Industry
- SIC 4542 Ferry Industry
- SIC 4543 Marine Towing Industry
- SIC 4549 Other Water Transport Industries
- SIC 4553 Marine Salvage Industry
- SIC 4554 Piloting Service, Water Transport Industry
- SIC 4559 Other Service Industries Incidental to Water Transport

Type of Reservation:
- National Treatment (Article 1202)
- Local Presence (Article 1205)

Level of Government: Federal


Description: Cross-Border Services

Masters, mates, and engineers must be certified by the Department of Transport as ship's officers while engaged on a Canadian-registered vessel. Only Canadian citizens or permanent residents may be certified as ship's officers.

Phase-Out: None
Annex I - Canada

Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification: SIC 4554 Piloting Service, Water Transport Industry

Type of Reservation: National Treatment (Article 1202)
Local Presence (Article 1205)

Level of Government: Federal

Measures: 
- Pilotage Act, R.S.C. 1985, c. P-14
- General Pilotage Regulations, C.R.C. 1978, c. 1263
- Atlantic Pilotage Authority Regulations, C.R.C. 1978, c. 1264
- Laurentian Pilotage Authority Regulations, C.R.C. 1978, c. 1268
- Great Lakes Pilotage Regulations, C.R.C. 1978, c. 1266
- Pacific Pilotage Regulations, C.R.C. 1978, c. 1270

Description: Cross-Border Services

Subject to Schedule of Canada, Annex II, page II-C-14, a license issued by the Department of Transport is required to provide pilotage services in the territory of Canada. Only Canadian citizens or permanent residents may obtain such a license. A permanent resident of Canada who has been issued a pilot's license must become a Canadian citizen within five years of receipt of the license in order to retain it.

Phase-Out: None
Annex I - Canada

Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification: SIC 454 Water Transport Industries

Type of Reservation: Local Presence (Article 1205)

Level of Government: Federal


Description: Cross-Border Services

Members of a shipping conference must maintain jointly an office or agency in the region of Canada where they operate. A shipping conference is an association of ocean carriers that has the purpose or effect of regulating rates and conditions for the transportation by those carriers of goods by water.

Phase-Out: None
Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification: SIC 4541 Freight and Passenger Water Transport Industry
SIC 4542 Ferry Industry
SIC 4543 Marine Towing Industry

Type of Reservation: Most-Favored-Nation Treatment (Article 1203)

Level of Government: Federal

Measures: Coasting Trade Act, S.C. 1992, c. 31

Description: Cross-Border Services

The prohibitions under the Coasting Trade Act, set out in Schedule of Canada, Annex II, page II-C-11, do not apply to any vessel that is owned by the U.S. Government when used solely for the purpose of transporting goods owned by the U.S. Government from the territory of Canada to supply Distant Early Warning sites.

Phase-Out: None

I-C-42
Annex I
Schedule of Mexico

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Artículo 27

Ley de Nacionalidad y Naturalización, Capítulos IV, VI

Ley Orgánica de la Fracción I del Artículo 27 de la Constitución

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, IV, V

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulos I, II; Título III, Capítulo III; Título VI; Título VIII, Capítulo IV

Description: Investment

Foreign nationals or foreign enterprises, or Mexican enterprises without a foreigners' exclusion clause, may not acquire property rights ("dominio directo") over land and water in a 100-kilometer strip along the country's borders or in a 50-kilometer strip inland from its coasts (the Restricted Zone). Lease of land for more than 10 years is deemed to be an acquisition.

Foreign nationals, foreign enterprises or Mexican enterprises
may acquire "Certificados de Participación Inmobiliaria" (CPI's). CPI's grant the beneficiaries the right to use and enjoy property and to receive the profits that it may obtain from the profitable use of property.

CPI's are issued by a Mexican credit institution that has been granted authorization to acquire through trust the title to real estate intended for industrial and tourism activities in the Restricted Zone for a period not to exceed 30 years. The trust is renewable if:

(a) the beneficiaries of the trust that is to be extinguished or terminated will be the beneficiaries of the new trust;

(b) the new trust is to be executed under the same terms and conditions as the trust that is to be extinguished or terminated, in respect of the purposes of the trust, the use of the property and its characteristics;

(c) the respective permits are requested within a period of 360 to 181 days preceding the termination or extinction of the trust; and

(d) the provisions of the Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera are observed.

Phase-Out: None
Annex I - Mexico

Sector: All Sectors

Sub-Sector: 

Industry Classification: 

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal


*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulos I, III, IV; Título IV; Título V; Título VIII, Capítulos I-V; Título IX, Capítulos I, II, III

As qualified by the **Description** element

Description: Investment

The Comisión Nacional de Inversiones Extranjeras, in order to evaluate applications submitted for its consideration (acquisitions or establishment of investments in restricted activities as set out in this Schedule), shall take into account the following criteria:

(a) its effects on employment and training;

(b) its technological contribution; or

(c) in general, its contribution to increase Mexican industrial productivity and competitiveness.

The Comisión Nacional de Inversiones Extranjeras may impose performance requirements that are not prohibited by Article 1106.

Phase-Out: None
Annex I - Mexico

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal


*Reglamento de la Ley Para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I-V; Título IX, Capítulos I, II, III

As qualified by the **Description** element

Description: Investment

The Comisión Nacional de Inversiones Extranjeras will only review direct or indirect acquisitions by an investor of another Party of more than 49 percent of the ownership interest in a Mexican enterprise in an unrestricted sector, that is directly or indirectly owned or controlled by Mexican nationals, if the value of the gross assets of the Mexican enterprise is not less than the applicable threshold.

Phase-Out: For investors and investments of investors of Canada or the United States, the applicable threshold for the review of an acquisition of a Mexican enterprise will be:

(a) US$25 million, for the three-year period beginning on the date of entry into force of this Agreement;
(b) US$50 million, for the three-year period beginning three years after the date of entry into force of this Agreement;

(c) US$75 million, for the three-year period beginning six years after the date of entry into force of this Agreement; and

(d) US$150 million, beginning nine years after the date of entry into force of this Agreement.

Beginning one year after the date of entry into force of this Agreement, each of these thresholds will be adjusted annually for cumulative inflation from the date of entry into force of this Agreement, based on the implicit price deflator for U.S. Gross Domestic Product (GDP) or any successor index published by the Council of Economic Advisors in "Economics Indicators".

The value of a threshold adjusted for cumulative inflation up to January of each year following 1994 shall be equal to the original value of the threshold multiplied by the following ratio:

(a) the implicit GDP price deflator or any successor index published by the Council of Economic Advisors in "Economic Indicators", current as of January of that year; to

(b) the implicit GDP price deflator or any successor index published by the Council of Economic Advisors in "Economic Indicators", current as of the date of entry into force of this Agreement,

provided that the implicit GDP price deflators under paragraphs (a) and (b) have the same base year.

The resulting adjusted threshold will be rounded to the nearest million dollars.
Beginning 10 years after the date of entry into force of this Agreement, the threshold will be adjusted annually by the rate of growth of the nominal Mexican GDP, as published by the Instituto Nacional de Estadística, Geografía e Informática. Whenever the U.S. dollar amount calculated for the threshold is, at the prevailing market exchange rate, equal to or higher than the amount calculated pursuant to Schedule of Canada, Annex I, page I-C-2, the calculation of the applicable threshold will be made according to the rules established therein. In no case will the threshold, as converted into U.S. dollars, exceed that of Canada.
Annex I - Mexico

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: 
Constitución Política de los Estados Unidos Mexicanos, Artículo 25

Ley General de Sociedades Cooperativas, Título I, Capítulo I; Título II, Capítulo II

Description: Investment

No more than 10 percent of the persons participating in a Mexican cooperative production enterprise may be foreign nationals.

No foreign national may engage in general administrative functions or perform managerial activities in that enterprise.

Phase-Out: None
Annex I - Mexico

Sector: All Sectors

Sub-Sector: 

Industry Classification: 

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: Ley Federal para el Fomento de la Microindustria, Capítulos I, II, III

Description: Investment

Only Mexican nationals may apply for a license ("cédula") to qualify as a microindustry enterprise.

Mexican "microindustry enterprises" may not have foreign persons as partners.

The Ley Federal para el Fomento de las Microindustria defines "microindustry enterprise" as including enterprises with up to fifteen workers and with sales of amounts periodically determined by the Secretaría de Comercio y Fomento Industrial.

Phase-Out: None
Annex I - Mexico

Sector: Agriculture, Livestock, Forestry and Lumber Activities

Sub-Sector: Agriculture, Livestock or Forestry

Industry Classification:
- CMAP 1111 Agriculture
- CMAP 1112 Livestock and Game (limited to livestock)
- CMAP 1200 Forestry and Felling Trees

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures:
- Constitución Política de los Estados Unidos Mexicanos, Artículo 27
- Ley Agraria, Títulos V, VI

Description: Investment

Only Mexican nationals or Mexican enterprises may own land for agriculture, livestock or forestry purposes. Such enterprises must issue a special type of share ("T" shares) representing the value of that land at the time of its acquisition. Investors of another Party or their investments may only own up to 49 percent of "T" shares.

Phase-Out: None
Sector: Communications

Sub-Sector: Entertainment Services (Broadcasting, Multipoint Distribution Systems (MDS) and Cable Television)

Industry Classification: CMAP 941104 Private Production and Transmission of Radio Programs (limited to production and transmission of radio programs, MDS and uninterrupted music)
CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to production, transmission and retransmission of television programming, MDS, direct broadcasting systems and high-definition television and cable television)

Type of Reservation: National Treatment (Article 1202)
Performance Requirements (Article 1106)

Level of Government: Federal

Measures: 
Ley Federal de Radio y Televisión, Título IV, Capítulo III

Reglamento de la Ley Federal de Radio y Televisión y de la Ley de la Industria Cinematográfica Relativo al Contenido de las Transmisiones de Radio y Televisión, Título III

Reglamento del Servicio de Televisión por Cable, Capítulo VI

Description: Cross-Border Services and Investment

For the protection of copyrights, the holder of a concession for a commercial broadcast station or for a cable television system is required to obtain an authorization from the Secretaría de Gobernación to import in any form radio or television
programming for broadcast or cable distribution within the territory of Mexico.

The authorization will be granted if the application for authorization includes documentation showing that the copyright holder has granted the license ("derechos") to broadcast or distribute by cable such programming.

**Phase-Out:** None
Annex I - Mexico

Sector: Communications

Sub-Sector: Entertainment Services (Broadcasting, Multipoint Distribution Systems (MDS) and Cable Television)

Industry Classification: CMAP 941104 Private Production and Transmission of Radio Programs (limited to production and transmission of radio programs, MDS and uninterrupted music)
CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to production, transmission and retransmission of television programming, MDS, direct broadcasting systems, high-definition television and cable television)

Type of Reservation: National Treatment (Article 1202)
Performance Requirements (Article 1106)

Level of Government: Federal

Measures: Ley Federal de Radio y Televisión, Título IV, Capítulo III
Reglamento de la Ley Federal de Radio y Televisión y de la Ley de la Industria Cinematográfica Relativo al Contenido de las Transmisiones de Radio y Televisión, Título III
Reglamento del Servicio de Televisión por Cable, Capítulo VI

Description: Cross-Border Services and Investment

The use of the Spanish language is required for the broadcast, cable or multipoint distribution system distribution of radio or television programming, except when the Secretaría de Gobernación authorizes the use of another language.
A majority of the time of each day's live broadcast programs must feature Mexican nationals.

A radio or television announcer or presenter who is not a Mexican national must obtain an authorization from the Secretaría de Gobernación to perform in Mexico.

Phase-Out: None

I-M-13
Sector: Communications

Sub-Sector: Entertainment Services (Broadcasting, Multipoint Distribution Systems (MDS) and Cable Television)

Industry Classification: CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to broadcasting, cable television and MDS)

Type of Reservation: National Treatment (Article 1202) Performance Requirements (Article 1106)

Level of Government: Federal

Measures: Ley Federal de Radio y Televisión, Título IV, Capítulo III

Reglamento de la Ley Federal de Radio y Televisión y de la Ley de la Industria Cinematográfica Relativo al Contenido de las Transmisiones de Radio y Televisión, Título III

Reglamento del Servicio de Televisión por Cable, Capítulo VI

Description: Cross-Border Services and Investment

The use of the Spanish language or Spanish subtitles is required for advertising broadcast or otherwise distributed in the territory of Mexico.

Advertising included in programs transmitted directly from outside the territory of Mexico may not be distributed in those programs when they are retransmitted in the territory of Mexico.

Phase-Out: None
Annex I - Mexico

Sector: Communications
Sub-Sector: Entertainment Services (Cable Television)
Industry Classification: CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to cable television)
Type of Reservation: National Treatment (Article 1102)
Level of Government: Federal
Measures: 

*Ley Federal de Radio y Televisión*, Título III, Capítulos I, II, III

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Capítulos I, II, III, V, VI

*Reglamento del Servicio de Televisión por Cable*, Capítulo II

*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

As qualified by the Description element

Description: Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise, established or to be established in the territory of Mexico, that owns or operates a cable television system or provides cable television services.

Phase-Out: None. Subject to discussion by the Parties five years after the date of entry into force of this Agreement.
**Annex I - Mexico**

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<td>Description:</td>
<td>Cross-Border Services</td>
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<td>A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or to operate, a cable television system. Only Mexican nationals and Mexican enterprises may obtain such a concession.</td>
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<td>Phase-Out:</td>
<td>None</td>
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</tbody>
</table>
Sector: Communications
Sub-Sector: Entertainment Services (Cinema)
Industry Classification: CMAP 941103 Private Exhibition of Films
Type of Reservation: National Treatment (Article 1202)
Performance Requirements (Article 1106)
Level of Government: Federal
Measures: 
Ley de la Industria Cinematográfica
Reglamento de la Ley de la Industria Cinematográfica
As qualified by the Description element
Description: Cross-Border Services and Investment
Thirty percent of the screen time of every theater, assessed on an annual basis, may be reserved for films produced by Mexican persons either within or outside the territory of Mexico.
Phase-Out: None
Annex I - Mexico

Sector: Communications

Sub-Sector: Telecommunications (Enhanced or Value-Added Services)

Industry Classification: CMAP 720006 Other Telecommunications Services (limited to enhanced or value-added services)

Type of Reservation: National Treatment (Articles 1102, 1202) Local Presence (Article 1205)

Level of Government: Federal

Measures:

Ley de Vías Generales de Comunicación, Libro I, Capítulo III

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de Telecomunicaciones, Capítulo IV

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

As qualified by paragraphs 2 and 4 of the Description element

Description: Cross-Border Services

1. A provider of enhanced or value-added services must obtain a permit issued by the Secretaría de Comunicaciones y Transportes.

2. Persons of Canada or the United States may provide all enhanced or value-added services, except videotext or enhanced packet switching services, without the need to establish local presence.
3. Videotext and enhanced packet switching services may not be provided on a cross-border basis.

**Investment**

4. Investors of another Party or their investments may own 100 percent of the ownership interest in an enterprise, established or to be established in the territory of Mexico, that provides any enhanced or value-added service, other than videotext or enhanced packet switching services.

5. Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise, established or to be established in the territory of Mexico, that provides videotext or enhanced packet switching services.

**Phase-Out:**

**Cross-Border Services**

Beginning July 1, 1995, a person of Canada or the United States may provide videotext or enhanced packet switching services on a cross-border basis without the need to establish a local presence in the territory of Mexico.

**Investment**

Beginning July 1, 1995, investors of another Party or their investments may own 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico that provides videotext or enhanced packet switching services.
Sector: Communications
Sub-Sector: Transportation and Telecommunications

Industry Classification:
- CMAP 7200 Communications (including telecommunications and postal services)
- CMAP 7100 Transportation

Type of Reservation: National Treatment (Article 1102)
Level of Government: Federal

Measures:
- Ley de Vías Generales de Comunicación, Libro I, Capítulos III, V
- Reglamento de Telecomunicaciones, Capítulo III

DESCRIPTION: Investment

Foreign governments and foreign state enterprises or their investments may not invest, directly or indirectly, in Mexican enterprises engaged in communications, transportation and other general means of communication ("vías generales de comunicación") activities, as defined in the Ley de Vías Generales de Comunicación.

Phase-Out: None
Sector: Construction

Sub-Sector:

**Industry Classification:**
- CMAP 501101 Residential or Housing Construction
- CMAP 501102 Non-residential Construction
- CMAP 501200 Construction of Urbanization Projects
- CMAP 501311 Construction of Industrial Plants
- CMAP 501312 Construction of Electricity Generation Plants
- CMAP 501321 Construction and Maintenance of Electricity Conduction Lines and Networks
- CMAP 501411 Mounting or Installing Concrete Structures
- CMAP 501412 Mounting or Installing Metallic Structures
- CMAP 501421 Marine and River Works
- CMAP 501422 Construction of Routes for Land Transportation
- CMAP 502001 Hydraulic and Sanitation Installations in Buildings
- CMAP 502002 Electrical Installations in Buildings
- CMAP 502003 Telecommunications Installations
- CMAP 502004 Other Special Installations
- CMAP 503001 Earth Movements
- CMAP 503002 Cement Works
- CMAP 503003 Underground Excavations
- CMAP 503004 Underwater Works
- CMAP 503005 Installation of Signs and Warnings
- CMAP 503006 Demolition
- CMAP 503007 Construction of Water Purification or Treatment Plants
- CMAP 503009 Drilling Water Wells
- CMAP 503010 Construction Activities, Not Elsewhere Classified

**Type of Reservation:** National Treatment (Article 1102)

**Level of Government:** Federal
Annex I - Mexico

Measures:

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Capítulos I, II, III, V, VI

*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description:

Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico that performs construction activities as set out in the Industry Classification element.

Phase-Out:

Subject to Schedule of Mexico, Annex I, page I-M-4, five years after the date of entry into force of this Agreement, investors of another Party and their investments may own 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico without prior approval of the Comisión Nacional de Inversiones Extranjeras.
Sector: Construction

Sub-Sector:

Industry Classification: CMAP 501322 Construction of Means for the Transportation of Petroleum and its Derivatives (limited to specialized contractors only)
CMAP 503008 Petroleum and Gas, Exploration and Drilling Works and Services (limited to specialized contractors only)

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures:

Constitución Política de los Estados Unidos Mexicanos, Artículo 27

Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo, Capítulos I, V, IX, XII

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description: Investment

Risk-sharing contracts are prohibited.

Prior approval of the Comisión Nacional de Inversiones

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Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico involved in "non-risk sharing" contracts for the exploration and drilling works of petroleum and gas wells and the construction of means for the transportation of petroleum and its derivatives. See also Schedule of Mexico, Annex III, page III-M-1.

Phase-Out: None
Sector: Educational Services

Sub-Sector: Private Schools

Industry Classification:
- CMAP 921101: Private Preschool Educational Services
- CMAP 921102: Private Primary School Educational Services
- CMAP 921103: Private Secondary School Educational Services
- CMAP 921104: Private Middle High (Preparatory) School Educational Services
- CMAP 921105: Private Higher School Educational Services
- CMAP 921106: Private Educational Services that Combine Preschool, Primary, Secondary, Middle High and Higher School Instruction

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures:
- Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI
- Ley para la Coordinación de la Educación Superior, Capítulo II
- Ley Federal de Educación, Capítulo III
- Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description: Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise established or to be
established in the territory of Mexico that provides preschool, primary, secondary, preparatory, higher, worker or peasant, or "normal" educational services.

Phase-Out: None
Annex I - Mexico

Sector: Energy

Sub-Sector: Petroleum Products

Industry Classification: CMAP 623050 Retail Sales of Liquified Petroleum Gas (LPG)

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures:

Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo, Capítulos I, IX, XII

Reglamento de la Distribución de Gas, Capítulos I, II

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description: Investment

Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may engage in the distribution, transportation, storage, or sale of liquified petroleum gas and the installation of fixed deposits.

Phase-Out: None

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Sector: Energy
Sub-Sector: Petroleum Products
Industry Classification: CMAP 626000 Retail Outlets of Gasoline and Diesel (including lubricants, oils and additives for resale in these retail outlets)
Type of Reservation: National Treatment (Article 1102)
Level of Government: Federal
Measures: Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI
Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I
Reglamento de la Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo, Capítulos I, II, III, V, VII, IX, XII
As qualified by the Description element
Description: Investment
Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may acquire, establish or operate retail outlets engaged in the sale or distribution of gasoline, diesel, lubricants, oils or additives.
Phase-Out: None
Sector: Fishing

Sub-Sector: CMAP 130011 Fishing on the High Seas
CMAP 130012 Coastal Fishing
CMAP 130013 Fresh Water Fishing

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)

Level of Government: Federal

Measures:

Ley de Pesca, Capítulos I, II, IV

Ley de Navegación y Comercio Marítimos, Libro II, Título Unico, Capítulo V

Ley Federal del Mar, Título I, Capítulo I

Ley Federal de Aguas

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Reglamento de la Ley de Pesca, Capítulos I, II, III, V, VI, IX, XV

Description: Investment

With respect to an enterprise established or to be established in the territory of Mexico performing coastal fishing, fresh water fishing and fishing in the exclusive economic zone, investors of
another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in such an enterprise.

With respect to an enterprise established or to be established in the territory of Mexico performing fishing on the high seas, prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in such an enterprise.

Phase-Out: None
Annex I - Mexico

Sector: Manufacturing and Assembly of Goods
Sub-Sector: Auto Parts Industry

Industry Classification:
- CMAP 383103 Manufacturing of Parts and Accessories for Electrical Automotive Systems
- CMAP 384121 Manufacture and Assembly of Car and Truck Bodies and Tows
- CMAP 384122 Manufacture of Car and Truck Motors and their Parts
- CMAP 384123 Manufacture of Car and Truck Transmission System Parts
- CMAP 384124 Manufacture of Car and Truck Suspension System Parts
- CMAP 384125 Manufacture of Car and Truck Brake System Parts and Accessories
- CMAP 384126 Manufacture of Other Car and Truck Parts and Accessories

Type of Reservation: National Treatment (Article 1102)
Level of Government: Federal

Measures:
- Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI
- Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I
- Decreto para el Fomento y Modernización de la Industria Automotriz ("Auto Decree")
- Acuerdo que Determina Reglas para la Aplicación del Decreto para el Fomento y Modernización de la Industria Automotriz

As qualified by the Description element

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Annex I - Mexico

Description:

Investment

1. Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an "enterprise of the autoparts industry", as defined in Annex 300-A, established or to be established in the territory of Mexico.

2. Investors of another Party or their investments that qualify as "national suppliers", as defined in Annex 300-A, may own 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico and that engages in the supply of specified autoparts to producers of motor vehicles.

3. Investors of another Party or their investments may own up to 100 percent of the ownership interest in an enterprise producing autoparts established or to be established in the territory of Mexico, provided that the enterprise does not register with the Secretaría de Comercio y Fomento Industrial for purposes of the Auto Decree nor receive benefits under the Auto Decree. After the five-year transition period set out in the Phase-Out element, such firms shall be eligible to register or to receive benefits set forth in the Auto Decree as modified by Appendix 300-A.2 provided that such enterprise meets the requirements set out therein for national supplier or "enterprise of the autoparts industry" status.

Phase-Out:

Five years after the date of entry into force of this Agreement, investors of another Party or their investments may own 100 percent of the ownership interest in any enterprise of the autoparts industry established or to be established in the territory of Mexico.

Sector: Manufacture of Goods

Sub-Sector: Automotive Industry

Industry Classification:
- CMAP 383103 Manufacturing of Parts and Accessories for Electrical Automotive Systems
- CMAP 3841 Automotive Industry
- CMAP 384121 Manufacture and Assembly of Car and Truck Bodies and Tows
- CMAP 384122 Manufacture of Car and Truck Motors and their Parts
- CMAP 384123 Manufacture of Car and Truck Transmission System Parts
- CMAP 384124 Manufacture of Car and Truck Suspension System Parts
- CMAP 384125 Manufacture of Car and Truck Brake System Parts and Accessories
- CMAP 384126 Manufacture of Other Car and Truck Parts and Accessories

Type of Reservation: Performance Requirements (Article 1106)

Level of Government: Federal

Measures:
- Decreto para el Fomento y Modernización de la Industria Automotriz ("Auto Decree")
- Acuerdo que Determina Reglas para la Aplicación del Decreto para el Fomento y Modernización de la Industria Automotriz

As qualified by Description element

Description: Investment

As set out in Annex 300-A

Phase-Out: As set out in Annex 300-A
Sector: Manufacture of Goods
Sub-Sector: Maquiladora Industry
Industry Classification:
Type of Reservation: Performance Requirements (Article 1106)
Level of Government: Federal
Measures: *Ley Aduanera*, Título IV, Capítulos I, III; Título V, Capítulo II; Título VI
*Decreto para el Fomento y Operación de la Industria Maquiladora de Exportación* ("Maquiladora Decree")
As qualified by the Description element

Description: Investment

Persons authorized by the Secretaría de Comercio y Fomento Industrial to operate under the Maquiladora Decree may not sell to the domestic market more than 55 percent of the total value of their annual exports in the previous year.

Phase-Out: Sales of a maquiladora to the domestic market may not exceed:

(a) one year after the date of entry into force of this Agreement, 60 percent of the total value of its annual exports in the previous year;

(b) two years after the date of entry into force of this Agreement, 65 percent of the total value of its annual exports in the previous year;

(c) three years after the date of entry into force of this Agreement, 70 percent of the total value of its annual exports in the previous year;
(d) four years after the date of entry into force of this Agreement, 75 percent of the total value of its annual exports in the previous year;

(e) five years after the date of entry into force of this Agreement, 80 percent of the total value of its annual exports in the previous year; and

(f) six years after the date of entry into force of this Agreement, 85 percent of the total value of its annual exports in the previous year.

Seven years after the date of entry into force of this Agreement, sales of a maquiladora to the domestic market will not be subject to any percentage requirement.
Sector: Manufacture of Goods

Sub-Sector: 

Industry Classification: 

Type of Reservation: Performance Requirements (Article 1106)

Level of Government: Federal

Measures: Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior, Capítulo I

Decreto para el Fomento y Operación de las Empresas Altamente Exportadoras, ("ALTEX Decree")

Description: Investment

1. "Direct exporters", as defined in the ALTEX Decree, authorized by the Secretaría de Comercio y Fomento Industrial to operate under that decree must export at least 40 percent of their total sales or US$2,000,000.

2. "Indirect exporters", as defined in ALTEX Decree, authorized by the Secretaría de Comercio y Fomento Industrial to operate under that decree must export at least 50 percent of their total sales.

Phase-Out: Seven years after the date of entry into force of this Agreement, "direct and indirect exporters" will not be subject to the percentage requirements set out in the Description element.
Annex I - Mexico

Sector: Manufacture of Goods

Sub-Sector:

Industry Classification:

Type of Reservation: Performance Requirements (Article 1106)

Level of Government: Federal

Measures: 

*Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior, Capítulo I*

*Ley Aduanera, Título III, Capítulo IV; Título IV, Capítulos I, III*

*Decreto que Establece Programas de Importación Temporal para Producir Artículos de Exportación, ("PITEX Decree")*

Description: Investment

Persons authorized by the Secretaría de Comercio y Fomento Industrial to operate under the PITEX Decree are required to export at least:

(a) 30 percent of their total production in order to be permitted to temporarily import duty-free

(i) machinery, equipment, instruments, molds and durable tools used in the manufacturing process, and equipment used to handle materials directly related to the exportation of goods, and

(ii) devices, equipment, accessories or other items related to the production of exported goods, including those used for research, industrial security, quality control, communication, training

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of personnel, informatics and environmental purposes; and

(b) 10 percent of their total production or US$500,000 in order to be permitted to temporarily import duty-free

(i) raw materials, parts and components totally used in the production of exported goods,

(ii) packages, bottles, containers and trailer’s containers which are totally used to contain exported goods, and

(iii) fuel, lubricants, auxiliary materials, reparation tools and equipment consumed in the production of exported goods.

Phase-Out:

Seven years after the date of entry into force of this Agreement, such persons will not be subject to the percentage requirements set out in the Description element.
Annex I - Mexico

Sector: Manufacture of Goods

Sub-Sector: Artificial Explosives, Fireworks, Firearms and Cartridges

Industry Classification: CMAP 352236 Manufacturing of Artificial Explosives and Fireworks
CMAP 382208 Manufacturing of Firearms and Cartridges

Type of Reservation: National Treatment (Article 1102)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures:

*Ley Federal de Armas de Fuego y Explosivos*, Título III, Capítulo I

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Capítulos I, II, III, V, VI

*Reglamento de la Ley Federal de Armas de Fuego y Explosivos*, Capítulo IV

*Reglamento de la Ley Para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I, Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description: Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico that manufactures artificial explosives and fireworks, firearms, cartridges and ammunition.

No foreign national may appoint or be appointed a member of the board of directors or an officer of such an enterprise.

Phase-Out: None
Sector: Mining

Sub-Sector: Extraction and Exploitation of Minerals

Industry Classification:
- CMAP 210000: Exploitation of Mineral Carbon
- CMAP 231000: Extraction of Minerals Containing Iron
- CMAP 232001: Extraction of Minerals Containing Gold, Silver and other Precious Minerals and Metals
- CMAP 232002: Extraction of Mercury and Antimony
- CMAP 232003: Extraction of Industrial Minerals Containing Lead and Zinc
- CMAP 232004: Extraction of Minerals Containing Copper
- CMAP 232006: Extraction of other Metallic Minerals not containing Iron
- CMAP 291001: Extraction of Sand and Gravel
- CMAP 291002: Extraction of Marble and other Gravels for Construction
- CMAP 291003: Exploitation of Feldspar
- CMAP 291004: Extraction of Kaolin, Clay and Refractory Minerals
- CMAP 291005: Extraction of Limestones
- CMAP 291006: Exploitation of Gypsum
- CMAP 292001: Extraction of Barium Oxide
- CMAP 292002: Extraction of Phosphoric Rock
- CMAP 292003: Extraction of Fluorite
- CMAP 292004: Extraction of Sulphur
- CMAP 292005: Extraction of other Minerals in order to Obtain Chemicals
- CMAP 292006: Extraction of Salt
- CMAP 292007: Extraction of Graphite
- CMAP 292008: Extraction of other Non-Metallic Minerals

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: Ley Minera, Capítulos I, II

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Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley Minera

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I, Título IV; Título V; Título VIII; Título IX, Capítulo I

As qualified by the Description element

Description:

Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the extraction or exploitation of any mineral.

Phase-Out:

Subject to Schedule of Mexico, Annex I, page I-M-4, five years after the date of entry into force of this Agreement, investors of another Party or their investments may own 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in extraction or exploitation of any mineral, without the prior approval of the Comisión Nacional de Inversiones Extranjeras.
Sector: Printing, Editing and Associated Industries
Sub-Sector: Newspaper Publishing
Industry Classification: CMAP 342001 Newspaper Publishing
Type of Reservation: National Treatment (Article 1102)
Level of Government: Federal
Measures: 

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI*

*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I*

As qualified by the Description element

Description: Investment

Investors of another Party or their investments may own, directly or indirectly, 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the simultaneous printing and distribution in the territory of Mexico of a daily newspaper that is published outside of the territory of Mexico.

Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the printing or publication of daily newspapers written primarily for a Mexican audience and distributed in the territory of Mexico.

For purposes of this reservation, daily newspapers are those published at least five days a week.

Phase-Out: None
Sector: Professional, Technical and Specialized Services

Sub-Sector: Medical Doctors

Industry Classification: CMAP 9231 Private Medical, Odontological and Veterinary Services (limited to medical and odontological services)

Type of Reservation: National Treatment (Article 1202)

Level of Government: Federal

Measures: Ley Federal del Trabajo, Capítulo I

Description: Cross-Border Services

Only Mexican nationals licensed as doctors in the territory of Mexico may provide in-house medical services in Mexican enterprises.

Phase-Out: None
Annex I - Mexico

Sector: Professional, Technical and Specialized Services

Sub-Sector: Specialized Personnel

Industry Classification: CMAP 951012 Customs Brokers and Representation Agency Services (limited to shippers' export declarations)

Type of Reservation: National Treatment (Article 1202)

Level of Government: Federal

Measures: Ley Aduanera, Título IX, Capítulo Unico

Description: Cross-Border Services

A shipper's export declaration must be processed by a Mexican national licensed as a customs broker ("agente aduanal") or by a representative ("apoderado aduanal") employed by the exporter and authorized by the Secretaría de Hacienda y Crédito Público for this purpose.

Phase-Out: None. Subject to discussion by the Parties five years after the date of entry into force of this Agreement.
Annex I - Mexico

Sector: Professional, Technical and Specialized Services

Sub-Sector: Professional Services

Industry Classification: CMAP 9510 Professional, Technical and Specialized Services (limited to professional services)

Type of Reservation: National Treatment (Article 1202) Local Presence (Article 1205)

Level of Government: Federal and State

Measures:

*Ley Reglamentaria del Artículo 50. Constitucional, Relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulo III, Sección Tercera, Capítulos IV, V*

*Ley General de Población, Título III, Capítulo III*

*Reglamento de la Ley Reglamentaria del Artículo 50. Constitucional, relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulo III*

Description: Cross-Border Services

Only Mexican nationals may be licensed in professions that require a professional license ("cédula profesional").

An "inmigrado" or an "inmigrante" may seek a judicial order to obtain such a license.

Phase-Out: Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3). On removal of these requirements, a foreign professional will be required to have an address in Mexico.

Annex I - Mexico

Sector: Professional, Technical and Specialized Services

Sub-Sector: Professional Services

Industry Classification: CMAP 951002 Legal Services (including foreign legal consultancy)

Type of Reservation: National Treatment (Articles 1102, 1202)
Most-Favored-Nation Treatment (Articles 1103, 1203)
Local Presence (Article 1205)

Level of Government: Federal

Measures:

Ley Reglamentaria del Artículo 5o. Constitucional, Relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulo I, Capítulo III, Sección III

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley Reglamentaria del Artículo 5o. Constitucional, relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulos I, II, V

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

As qualified by the Description element

Description: Cross Border Services and Investment

Except as provided for in this reservation, only lawyers licensed in Mexico may have an ownership interest in a law firm established in the territory of Mexico.
Lawyers licensed in a Canadian province that permits partnerships between those lawyers and lawyers licensed in Mexico will be permitted to form partnerships with lawyers licensed in Mexico.

The number of lawyers licensed in Canada serving as partners, and their ownership interest in the partnership, may not exceed the number of lawyers licensed in Mexico serving as partners, and their ownership interest in the partnership. A lawyer licensed in Canada may not practice or advise on Mexican law.

A law firm established by a partnership of lawyers licensed in Canada and lawyers licensed in Mexico may hire lawyers licensed in Mexico as employees.

Lawyers licensed in Canada will be subject to Schedule of Mexico, Annex VI, page VI-M-2.

Lawyers licensed in the United States will be subject to Schedule of Mexico, Annex II, page II-M-10 and Schedule of Mexico, Annex VI, page VI-M-2.

Phase-Out: None
Annex I - Mexico

Sector: Professional, Technical and Specialized Services

Sub-Sector: Professional Services

Industry Classification: CMAP 951003 Accounting and Auditing Services (limited to accounting services)

Type of Reservation: National Treatment (Article 1202) Local Presence (Article 1205)

Level of Government: Federal

Measures: Código Fiscal de la Federación, Título III
Reglamento del Código Fiscal de la Federación, Capítulo II

Description: Cross-Border Services

Only Mexican nationals who are licensed as accountants in Mexico are authorized to perform audits for tax purposes on behalf of:

(a) state enterprises;

(b) enterprises that are authorized to receive tax-deductible donations;

(c) enterprises with income, capital stock, number of employees and operations above levels specified annually by the Secretaría de Hacienda y Crédito Público; or

(d) enterprises undergoing a merger or divestiture.

Phase-Out: Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3). On removal of these requirements, a foreign professional will be required to have an address in Mexico.
Annex I - Mexico

Sector: Professional, Technical and Specialized Services

Sub-Sector: Specialized Services (Commercial Public Notaries)

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)

Level of Government: Federal

Measures: Código de Comercio, Libro I, Título III

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título II, Capítulo I

Description: Cross-Border Services and Investment

1. Only a Mexican national by birth may be licensed to be a commercial public notary ("corredor público").

2. A commercial public notary may not have a business affiliation with any person for the provision of commercial public notary services.

Phase-Out:

1. Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3). On removal of these requirements, a foreign professional will be required to have an address in Mexico.

2. None

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Annex I - Mexico

Sector: Professional, Technical and Specialized Services

Sub-Sector: Specialized Services

Industry Classification: CMAP 951001 Public Notary

Type of Reservation: National Treatment (Articles 1102, 1202) Local Presence (Article 1205)

Level of Government: Federal and State

Measures: 

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Capítulos I, II, III, V, VI

Leyes del Notariado para los Estados de: Aguascalientes, Baja California, Baja California Sur, Campeche, Coahuila, Colima, Chiapas, Chihuahua, Distrito Federal, Durango, Guanajuato, Guerrero, Hidalgo, Jalisco, México, Michoacán, Morelos, Nayarit, Nuevo León, Oaxaca, Puebla, Querétaro, Quintana Roo, San Luis Potosí, Sonora, Tabasco, Tamaulipas, Tlaxcala, Veracruz, Yucatán and Zacatecas.

*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description: Cross-Border Services and Investment

Only Mexican nationals by birth may be granted a fiat ("patente") to be public notaries ("notarios públicos").

A public notary may not have a business affiliation with any person for the provision of public notary services.

Phase-Out: None
Sector: Professional, Technical and Specialized Services

Sub-Sector: Professional Services

Industry Classification: CMAP 951023 Other Professional Services (limited to private veterinary services)

Type of Reservation: National Treatment (Article 1202)

Level of Government: Federal

Measures: *Ley de Sanidad Fitopecuaria de los Estados Unidos Mexicanos*, Título II, Capítulo IV

*Reglamento de Control de Productos Químico-Farmacéuticos, Biológicos, Alimenticios, Equipos y Servicios para Animales*, Capítulos IV, V

Description: Cross-Border Services

For enterprises that manage chemical, pharmaceutical and biological goods for application to animals, only a Mexican national may be:

(a) a veterinarian responsible for management of such goods; or

(b) a licensed professional responsible for laboratories of such enterprises.

Phase-Out: Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3). On removal of these requirements, a foreign professional will be required to have an address in Mexico.
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Sector: Retail Commerce

Sub-Sector: Sale of Non-Food Products in Specialized Establishments

Industry Classification: CMAP 623087 Sale of Firearms, Cartridges and Ammunition
CMAP 612024 Wholesale Commerce, Not Elsewhere Classified (limited to firearms, cartridges and ammunition)

Type of Reservation: National Treatment (Article 1102)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: 
Ley Federal de Armas de Fuego y Explosivos, Título III, Capítulo I

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley Federal de Armas de Fuego y Explosivos, Capítulo IV

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description: 
Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico that sells firearms, cartridges and ammunition.

No foreign national may appoint or be appointed a member of the board of directors or managing officer of such an enterprise.

Phase-Out: None

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Sector: Religious Services

Sub-Sector:

Industry Classification: CMAP 929001 Religious Services

Type of Reservation: Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: Ley de Associaiones Religiosas y Culto Privado, Título II, Capítulos I, II

Description: Cross-Border Services

Religious associations must be associations constituted in accordance with the Ley de Associaiones Religiosas y Cultos Privados.

Investment

Representatives of religious associations in Mexico must be Mexican nationals.

Phase-Out: None
Sector: Services to Agriculture

Sub-Sector:

Industry Classification: CMAP 971010 Supply of Agricultural Services

Type of Reservation: National Treatment (Article 1202)
Local Presence (Article 1205)

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Artículo 32

Ley de Sanidad Fitopecuaria de los Estados Unidos Mexicanos, Título II

Ley de Nacionalidad y Naturalización, Capítulo IV

Reglamento de la Ley de Sanidad Fitopecuaria de los Estados Unidos Mexicanos, Capítulo VII

Description: Cross-Border Services

A concession granted by the Secretaría de Agricultura y Recursos Hidráulicos is required to spray pesticides.

Only Mexican nationals or Mexican enterprises may obtain such a concession.

Phase-Out: Six years after the date of entry into force of this Agreement, the requirement of a concession will be replaced with a permit requirement and the citizenship requirement will be eliminated.
Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification: CMAP 713001 Transportation Services on Mexican-Registered Aircraft
CMAP 713002 Air Taxi Transportation Services

Type of Reservation: National Treatment (Article 1102)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures:

Ley de Vías Generales de Comunicación, Libro IV, Capítulo I, X, XI

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

As qualified by the Description element

Description: Investment

Investors of another Party or their investments may only own, directly or indirectly, up to 25 percent of the voting interest in an enterprise established or to be established in the territory of Mexico that provides commercial air services on Mexican-registered aircraft. The chairman and at least two-thirds of the board of directors and two-thirds of managing officers of such an enterprise must be Mexican nationals.

Only Mexican nationals and Mexican enterprises in which 75 percent of the voting interests is owned or controlled by

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Mexican nationals and of which the chairman and at least two-thirds of the managing officers are Mexican nationals may register aircraft in Mexico.

Only Mexican-registered aircraft may provide the following commercial air transport services:

(a) "domestic services" (air services between points, or from and to the same point, in the territory of Mexico, or between a point in the territory of Mexico and a point not in the territory of another country);

(b) "scheduled international services" (scheduled air services between a point in the territory of Mexico and a point in the territory of another country) where those services have been reserved to Mexican carriers under existing or future bilateral agreements; and

(c) "non-scheduled international services" (non-scheduled air services between a point in the territory of Mexico and a point in the territory of another country) where those services have been reserved to Mexican carriers under existing or future bilateral agreements.

Phase-Out: None

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Sector: Transportation

Sub-Sector: Specialty Air Services

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: 

*Ley de Vías Generales de Comunicación*, Libro I, Capítulos I, II, III; Libro IV, Capítulo XII

As qualified by paragraphs 2, 3 and 4 of the Description element

Description: Cross-Border Services

1. A permit issued by the Secretaría de Comunicaciones y Transportes (SCT) is required to provide all specialty air services in the territory of Mexico.

2. A person of Canada or the United States may obtain such a permit to provide flight training, forest fire-management, fire-fighting, glider towing, and parachute jumping services in Mexico, subject to compliance with Mexican safety requirements.

3. Such a permit may not be issued to a person of Canada or the United States to provide aerial advertising, aerial sightseeing, aerial construction, heli-logging, inspection and surveillance, mapping, photography, surveying and aerial spraying services.

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Investment

4. Investors of another Party or their investments may only own, directly or indirectly, up to 25 percent of the voting interests in an enterprise established or to be established in the territory of Mexico that provides specialty air services using Mexican-registered aircraft. The chairman and at least two-thirds of the board of directors and two-thirds of managing officers of such an enterprise must be Mexican nationals. Only Mexican nationals and Mexican enterprises in which 75 percent of the voting interests is owned or controlled by Mexican nationals and of which the chairman and at least two-thirds of the managing officers are Mexican nationals may register aircraft in Mexico.

Phase-Out:

Cross-Border Services

A person of Canada or the United States will be allowed to obtain a permit by SCT to provide, subject to compliance with Mexican safety requirements, the following specialty air services:

(a) three years after the date of entry into force of this Agreement, aerial advertising, aerial sightseeing services, aerial construction and heli-logging; and

(b) six years after the date of entry into force of this Agreement, inspection and surveillance, mapping, photography, surveying and aerial spraying services.

Investment

None
Sector: Transportation
Sub-Sector: Air Transportation
Industry Classification: CMAP 384205 Aircraft Building, Assembly and Repair (limited to aircraft repair)
Type of Reservation: National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government: Federal
Measures: Constitución Política de los Estados Unidos Mexicanos, Artículo 32
Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro IV, Capítulo XV
Ley de Nacionalidad y Naturalización, Capítulo IV
Reglamento de Talleres Aeronáuticos, Capítulo I
Description: Cross-Border Services
A concession granted by the Secretaría de Comunicaciones y Transportes is required to establish and operate, or operate, an aircraft repair facility. Only Mexican nationals and Mexican enterprises may obtain such a concession.
Phase-Out: None
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Sector: Transportation
Sub-Sector: Air Transportation
Industry Classification:
- CMAP 973301 Air Navigation Services
- CMAP 973302 Airport and Heliport Administration Services
Type of Reservation: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)
Level of Government: Federal
Measures:
- Constitución Política de los Estados Unidos Mexicanos, Artículo 32
- Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro IV, Capítulo IX
- Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI
- Ley de Nacionalidad y Naturalización, Capítulo IV
- Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I
Description: Cross-Border Services

A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or operate, airports and heliports and to provide air navigation services. Only Mexican nationals and Mexican enterprises may obtain such a concession.

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Annex I - Mexico

Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the following activities:

(a) construction and operation of airports or heliports;

(b) operation of airports or heliports; or

(c) provision of air navigation services.

Phase-Out: None
Sector: Transportation

Sub-Sector: Land Transportation

Industry Classification: CMAP 973101

Bus and Truck Station Administration and Ancillary Services (main bus and truck terminals and bus and truck stations)

Type of Reservation: National Treatment (Articles 1102, 1202)

Local Presence (Article 1205)

Level of Government: Federal

Measures:

*Ley de Vías Generales de Comunicación*, Libro I, Capítulo I, II, III; Libro II, Título II, Capítulos I, II; Título III, Capítulo Unico

*Reglamento para el Aprovechamiento del Derecho de Vía de las Carreteras Federales y Zonas Aledañas*, Capítulos II, IV

*Reglamento del Servicio Público de Autotransporte Federal de Pasajeros*, Capítulo III, IV

As qualified by paragraph 1 of the Description element

Description:

Cross-Border Services

1. A permit issued by the Secretaría de Comunicaciones y Transportes is required to establish, or operate, a bus or truck station or terminal. Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may obtain such a permit.

Investment

2. Investors of another Party or their investments may not own, directly or indirectly, ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the establishment or operation of bus or truck...
Phase-Out:

Cross-Border Services

Three years after the date of signature of this Agreement, such a permit may be obtained by Mexican nationals and Mexican enterprises.

Investment

With respect to an enterprise established or to be established in the territory of Mexico engaged in the establishment or operation of bus or truck station or terminals, investors of another Party or their investments may own, directly or indirectly:

(a) three years after the date of signature of this Agreement, only up to 49 percent of the ownership interest in the enterprise;

(b) seven years after the date of entry into force of this Agreement, only up to 51 percent of the ownership interest in the enterprise; and

(c) ten years after the date of entry into force of this Agreement, 100 percent of the ownership interest in the enterprise.
Sector: Transportation
Sub-Sector: Land Transportation
Industry Classification: CMAP 711101 Railway Transport Services (limited to railway crew)
Type of Reservation: National Treatment (Article 1202)
Level of Government: Federal
Measures: Ley Federal del Trabajo, Capítulo I
Description: Cross-Border Services
Railway crew members must be Mexican nationals.
Phase-Out: None
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<thead>
<tr>
<th>Sector:</th>
<th>Transportation</th>
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<tr>
<td>Sub-Sector:</td>
<td>Land Transportation</td>
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<tr>
<td>Industry Classification:</td>
<td>CMAP 973102 Road and Bridge Administration Services and Ancillary Services</td>
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<td>Type of Reservation:</td>
<td>National Treatment (Article 1202) Local Presence (Article 1205)</td>
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<td>Federal</td>
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<td>Measures:</td>
<td>Constitución Política de los Estados Unidos Mexicanos, Artículo 32</td>
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<td>Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro II, Título II, Capítulo II; Título III, Capítulo Único</td>
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<td>Ley de Nacionalidad y Naturalización, Capítulo IV</td>
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<td>Description:</td>
<td>Cross-Border Services</td>
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<tr>
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<td>A concession granted by the Secretaría de Comunicaciones y Transportes is required to provide road and bridge administration services and ancillary services. Only Mexican nationals and Mexican enterprises may obtain such a concession.</td>
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<td>Phase-Out:</td>
<td>None</td>
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</tbody>
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Sector: Transportation
Sub-Sector: Land Transportation
Industry Classification:
- CMAP 711312 Urban and Suburban Passenger Transportation Service by Bus
- CMAP 711315 Collective Automobile Transportation Service
- CMAP 711316 Established Route Automobile Transportation Service
- CMAP 711317 Automobile Transportation Services from a Specific Station
- CMAP 711318 School and Tourist Transportation Services (limited to school transportation services)
Type of Reservation: National Treatment (Article 1102, 1202)
Level of Government: Federal
Measures:
- Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI
- Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro II, Título II, Capítulo II
- Ley de Nacionalidad y Naturalización, Capítulo IV
- Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I
- Reglamento del Servicio Público de Autotransporte Federal de Pasajeros, Capítulo II

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Description: Cross-Border Services and Investment

Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may provide local bus services, school bus services and taxi and other collective transportation services.

Phase-Out: None
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Sector: Transportation
Sub-Sector: Land Transportation

Industry Classification:
- CMAP 711201 Road Transport Services for Construction Materials
- CMAP 711202 Road Transport Moving Services
- CMAP 711203 Other Services of Specialized Cargo Transportation
- CMAP 711204 General Trucking Services
- CMAP 711311 Inter-City Busing Services
- CMAP 711318 School and Tourist Transportation Services (limited to tourist transportation services)

Type of Reservation:
- National Treatment (Articles 1102, 1202)
- Local Presence (Article 1205)

Level of Government: Federal

Measures:

Memorandum de Entendimiento entre los Estados Unidos Mexicanos y los Estados Unidos de Norteamérica para la Promoción de Servicios de Transporte Turístico de Ruta Fija, 3 de diciembre de 1990

Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro II, Título II, Capítulo II; Título III, Capítulo Único

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

As qualified by paragraphs 1, 3 and 4 of the Description element.
Description:

Cross-Border Services

1. A permit issued by the Secretaría de Comunicaciones y Transportes is required to provide inter-city bus services, tourist transportation services or truck services for the transportation of goods or passengers to or from the territory of Mexico.

2. Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may provide such services.

3. Notwithstanding paragraph 2, a person of Canada or the United States will be permitted to provide international charter or tour bus services to or from the territory of Mexico.

4. Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause, using Mexican-registered equipment that is Mexican-built or legally imported and drivers who are Mexican nationals, may provide bus or truck services for the transportation of goods or passengers between points in the territory of Mexico.

Investment

5. Investors of another Party or their investments may not own directly or indirectly, an ownership interest in an enterprise established or to be established in the territory of Mexico engaged in bus or truck transportation services as set out in the Industry Classification element.

Phase-Out:

Cross-Border Services

A person of Canada or of the United States will be permitted to provide:

(a) three years after the date of signature of this Agreement, cross-border truck services to or from the territory of border states (Baja California, Chihuahua, Coahuila,
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Nuevo León, Sonora and Tamaulipas), and such a person will be permitted to enter and depart Mexico through different ports of entry in such states;

(b) three years after the date of entry into force of this Agreement, cross-border scheduled bus services to or from the territory of Mexico; and

(c) six years after the date of entry into force of this Agreement, cross-border truck services to or from the territory of Mexico.

Three years after the date of signature of this Agreement, only Mexican nationals and Mexican enterprises, using Mexican-registered equipment that is Mexican-built or legally imported and drivers who are Mexican nationals, may provide bus or truck services for the transportation of international cargo or passengers between points in the territory of Mexico. For domestic cargo, paragraph 4 of the Description element will continue to apply.

Investment

With respect to an enterprise established or to be established in the territory of Mexico providing inter-city bus services, tourist transportation services, or truck services for the transportation of international cargo between points in the territory of Mexico, investors of another Party or their investments may own, directly or indirectly:

(a) three years after the date of signature of this Agreement, only up to 49 percent of ownership interest in such an enterprise;

(b) only own, seven years after the date of entry into force of this Agreement, only up to 51 percent of the ownership interest in such an enterprise; and

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(c) ten years after the date of entry into force of this Agreement, 100 percent of the ownership interest in such an enterprise.

Investors of another Party or their investments may not own, directly or indirectly, an ownership interest in an enterprise providing truck services for the carriage of domestic cargo.
Annex I - Mexico

Sector: Transportation

Sub-Sector: Land Transportation and Water Transportation

Industry Classification:
- CMAP 501421 Marine and River Works
- CMAP 501422 Construction of Roads for Land Transportation

Type of Reservation:
- National Treatment (Article 1202)
- Local Presence (Article 1205)

Level of Government: Federal

Measures:
- Constitución Política de los Estados Unidos Mexicanos, Artículo 32
- Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro II, Título II, Capítulo II; Libro III, Capítulos II, XV
- Ley de Nacionalidad y Naturalización, Capítulo IV

Description: Cross-Border Services

A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or operate, marine or river works or roads for land transportation. Such a concession may be granted only to Mexican nationals and Mexican enterprises.

Phase-Out: None

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Sector: Transportation
Sub-Sector: Non-Energy Pipelines
Industry Classification: 
Type of Reservation: National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government: Federal
Measures:  
Constitución Política de los Estados Unidos Mexicanos, Artículo 32  
Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III  
Ley Federal de Aguas, Título I, Capítulo I  
Ley de Nacionalidad y Naturalización, Capítulo IV
Description: Cross-Border Services
A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or operate, pipelines carrying goods other than energy or basic petrochemicals. Only Mexican nationals and Mexican enterprises may obtain such a concession.
Phase-Out: None

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Sector: Transportation

Sub-Sector: Specialized Personnel

Industry Classification: CMAP 951012 Customs Brokers

Type of Reservation: National Treatment (Article 1102)

Measures: 
Constitución Política de los Estados Unidos Mexicanos, Artículo 32

Ley Aduanera, Título II, Capítulo Unico

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description: Investment

Investors of another Party or their investments may not own, directly or indirectly, an ownership interest in a customs broker enterprise ("agencia aduanal").

Phase-Out: None
### Sector:
Transportation

### Sub-Sector:
Water Transportation

### Industry Classification:
CMAP 1300  Fishing

### Type of Reservation:
National Treatment (Article 1202)
Most-Favored-Nation Treatment (Article 1203)
Local Presence (Article 1205)

### Level of Government:
Federal

### Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículo 32
- *Ley de Pesca*, Capítulos I, II
- *Ley de Navegación y Comercio Marítimos*, Libro II, Título Unico, Capítulo I
- *Ley de Nacionalidad y Naturalización*, Capítulo IV
- *Reglamento de la Ley de Pesca*, Capítulo I, III, IV, V, VI, IX, XV

### Description:

**Cross-Border Services**

A concession granted, or permit issued, by the Secretaría de Pesca is required to engage in fishing activities in "Mexican jurisdictional waters". Only Mexican nationals and Mexican enterprises, using Mexican-flagged vessels, may obtain such a concession or permit. Permits may exceptionally be issued to persons operating vessels flagged in a foreign country that provides equivalent treatment to Mexican-flagged vessels to engage in fishing activities in the Exclusive Economic Zone.

Only Mexican nationals and Mexican enterprises may obtain authorization from the Secretaría de Pesca for deep sea fishing.
on Mexican-flagged vessels, fixed rigging installations, recollection from the natural milieu of larvae, post-larvae, eggs, seeds or fingerlings, for research or aquaculture purposes, introduction of live species into "Mexican jurisdictional waters", and for educational fishing in accordance with the programs of fishing educational institutions.

Phase-Out: None
Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification: CMAP 384201 Shipbuilding and Ship Repair

Type of Reservation: National Treatment (Article 1202).
Local Presence (Article 1205)
Performance Requirements (Article 1106)

Level of Government: Federal

Measures: Constitución Política de los Estados Unidos Mexicanos, Artículo 32
Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro III, Capítulo XV
Ley para el Desarrollo de la Marina Mercante, Capítulo IV
Ley de Nacionalidad y Naturalización, Capítulo IV

Description: Cross-Border Services

A concession granted by the Secretaría de Comunicaciones y Transportes is required to establish and operate, or operate, a shipyard. Only Mexican nationals and Mexican enterprises may obtain such a concession.

Cross-Border Services and Investment

For the owner of a Mexican-flagged vessel to be eligible for government cargo preferences, subsidies and tax benefits granted under the Ley para el Desarrollo de la Marina Mercante, that owner must carry out repair and maintenance operations in shipyards and repair facilities in the territory of Mexico.

Phase-Out: None
Annex I - Mexico

Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification:
- CMAP 712011 International Maritime Transportation Services
- CMAP 712012 Cabotage Maritime Services
- CMAP 712013 International and Cabotage Towing Services
- CMAP 712022 Internal Port Water Transportation Services
- CMAP 712021 River and Lake Transportation Services

Type of Reservation:
- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures:
- Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II y III; Libro III, Capítulos I-XV
- Ley para el Desarrollo de la Marina Mercante, Capítulos I, III
- Ley de Navegación y Comercio Marítimos, Libro II, Título Unico, Capítulos I, III
- Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI
- Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

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Description:  

Cross-Border Services and Investment

Maritime cabotage services, including off-shore maritime services, are reserved to Mexican-flagged vessels. A waiver may be granted by the Secretaría de Comunicaciones y Transportes where Mexican-flagged vessels are not able to provide such services. Only Mexican-flagged vessels may transport cargo owned by the Federal Government.

Foreign-flagged vessels may provide international maritime services in the territory of Mexico on the basis of reciprocity with the relevant country. Only Mexican-flagged towing vessels may provide towing services from Mexican ports to foreign ports. Where such towing vessels are not able to provide such services, the Secretaría de Comunicaciones y Transportes may provide permits to foreign-flagged towing vessels. Only a Mexican national or a Mexican enterprise with a foreigners' exclusion clause may own vessels registered and flagged as Mexican. All members of the board of directors and managers of such enterprise must be Mexican nationals.

Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than the 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico operating foreign-flagged vessels providing international maritime transport services.

Phase-Out:  

None
Annex I - Mexico

Sector: Transportation
Sub-Sector: Water Transportation
Industry Classification: CMAP 973203 Maritime and Inland (Lake and Rivers) Ports Administration
Type of Reservation: National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government: Federal
Measures:
- Ley de Navegación y Comercio Marítimos, Libro II, Capítulo II
- Ley de Vías Generales de Comunicación, Libro III, Capítulo XI
Description: Cross-Border Services
All port workers must be Mexican nationals.
Phase-Out: None
Annex I - Mexico

Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification: CMAP 973201 Loading and Unloading Services Related to Water Transportation (includes operation and maintenance of docks; loading and unloading of vessels at shore-side; marine cargo handling; operation and maintenance of piers; ship and boat cleaning; stevedoring; transfer of cargo between ships and trucks, trains, pipelines and wharves; waterfront terminal operations)

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures:

Ley de Navegación y Comercio Marítimos, Libro I, Título Unico, Capítulo I; Libro II, Título II

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI

Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro III, Capítulo II

Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Reglamento del Servicio de Maniobras en las Zonas Federales de Puertos, Libro I, Título Unico, Capítulo I; Libro II, Título Unico, Capítulo II, Sección A; Libro IV, Título Unico

Reglamento para el Uso y Aprovechamiento del Mar Territorial, Vías Navegables, Playas, Zona Federal Marítimo Terrestre y

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Terrenos Ganados al Mar, Capítulo II, Sección II

As qualified by the **Description** element

**Investment**

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise, established or to be established in the territory of Mexico providing to third persons the following services: operation and maintenance of docks; loading and unloading of vessels at shore-side; marine cargo handling; operation and maintenance of piers; ship and boat cleaning; stevedoring; transfer of cargo between ships and trucks, trains, pipelines and wharves; and waterfront terminal operations.

**Phase-Out:** None
Sector: Transportation
Sub-Sector: Water Transportation
Industry Classification: CMAP 973201

Loading and Unloading Services Related to Water Transportation (includes operation and maintenance of docks; loading and unloading of vessels at shore-side; marine cargo handling; operation and maintenance of piers; ship and boat cleaning; stevedoring; transfer of cargo between ships and trucks, trains, pipelines and wharves; waterfront terminal operations)

Type of Reservation: National Treatment (Article 1202)
Local Presence (Article 1205)

Level of Government: Federal

Measures:
Constitución Política de los Estados Unidos Mexicanos, Artículo 32

Ley de Navegación y Comercio Marítimos, Libro I, Título Unico, Capítulo I; Libro II, Título II

Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro III, Capítulo II

Ley de Nacionalidad y Naturalización, Capítulo IV

Reglamento del Servicio de Maniobras en las Zonas Federales de Puertos, Libro I, Título Unico, Capítulo I, Libro II, Título Unico, Capítulo II, Sección A; Libro IV, Título Unico

Reglamento para el Uso y Aprovechamiento del Mar Territorial, Vías Navegables, Playas, Zona Federal Marítimo Terrestre y Terrenos Ganados al Mar, Capítulo II, Sección II
Annex I - Mexico

Description: Cross-Border Services

A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or operate, maritime and inland port terminals, including docks, cranes and related facilities. Only Mexican nationals and Mexican enterprises may obtain such a concession.

A permit issued by the Secretaría de Comunicaciones y Transportes is required to provide stevedoring and warehousing services. Only Mexican nationals and Mexican enterprises may obtain such a permit.

Phase-Out: None
Annex I - United States

Annex I
Schedule of the United States

Sector: Energy
Sub-Sector: Atomic Energy
Industry Classification:
Type of Reservation: National Treatment (Article 1102)
Level of Government: Federal
Description: *Investment*

A license is required for any person in the United States to transfer, manufacture, produce, use or import any facilities that produce or use nuclear materials. Such a license may not be issued to any entity known or believed to be owned, controlled or dominated by an alien, a foreign corporation or a foreign government (42 U.S.C. §§ 2133, 2134). The issuance of a license is also prohibited for "production or utilization facilities" for such uses as medical therapy or research and development activities to any corporation or other entity owned, controlled or dominated by one of the foreign persons described above (42 U.S.C. § 2134(d)).

Phase-Out: None
Annex I - United States

Sector: Business Services
Sub-Sector: Export Intermediaries
Industry Classification: SIC 7389 Business Services, Not Elsewhere Classified
Type of Reservation: National Treatment (Article 1202)
Local Presence (Article 1205)
Level of Government: Federal
15 C.F.R. Part 325
Description: Cross-Border Services

Title III of the Export Trading Company Act of 1982 authorizes the Secretary of Commerce to issue "certificates of review" with respect to export conduct. The Act provides for the issuance of a certificate of review where the Secretary determines, and the Attorney General concurs, that the export conduct specified in an application will not have the anticompetitive effects proscribed by the Act. A certificate of review limits the liability under federal and state antitrust laws in engaging in the export conduct certified.

Only a "person" as defined by the Act can apply for a certificate of review. "Person" means "an individual who is a resident of the United States; a partnership that is created under and exists pursuant to the laws of any State or of the United States; a State or local government entity; a corporation, whether organized as a profit or nonprofit corporation, that is created under and exists pursuant to the laws of any State or of the United States; or any association or combination, by contract or other arrangement, between such persons."

A foreign national or enterprise may receive the protection provided by a certificate of review by becoming a "member" of
Annex I - United States

a qualified applicant. The regulations define "member" to mean "an entity (U.S. or foreign) that is seeking protection under the certificate with the applicant. A member may be a partner in a partnership or a joint venture; a shareholder of a corporation; or a participant in an association, cooperative, or other form of profit or nonprofit organization or relationship, by contract or other arrangement."

Phase-Out: None
Annex I - United States

Sector: Business Services
Sub-Sector: Export Intermediaries
Industry Classification: SIC 7389 Business Services, Not Elsewhere Classified
Type of Reservation: National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government: Federal
Measures: Export Administration Act of 1979, Pub. L. 96-72, as amended
Export Administration Regulations, 15 C.F.R. Parts 768 through 799
Description: Cross-Border Services

With some limited exceptions, the export from the United States of all commodities, and all technical data, requires either a general license or a validated license or other authorization granted by the Office of Export Licensing, U.S. Department of Commerce. A general license requires no application or documentation and is generally available for use by all persons.

An application for a validated license may be made only by a person subject to the jurisdiction of the United States who is in fact the exporter, or by his duly authorized agent. An application may be made on behalf of a person not subject to the jurisdiction of the United States by an authorized agent in the United States, who then becomes the applicant.

Phase-Out: None

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<thead>
<tr>
<th>Sector:</th>
<th>Communications</th>
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<tr>
<td>Sub-Sector:</td>
<td>Telecommunications (Enhanced or Value-Added Services)</td>
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<td>Industry Classification:</td>
<td>CPC 7523  Data and Message Transmission Services</td>
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<td>CPC 75299  Other Telecommunications Services Not Elsewhere Classified (limited to enhanced or value-added services)</td>
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<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 1102)</td>
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<td>Level of Government:</td>
<td>Federal</td>
</tr>
<tr>
<td></td>
<td>47 C.F.R. § 64.702 (definition of enhanced or value-added services)</td>
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<tr>
<td>Description:</td>
<td>Investment</td>
</tr>
<tr>
<td></td>
<td>If a U.S.-based foreign-owned enhanced service provider obtains voluntary Recognized Private Operating Agency certification from the U.S. Department of State for purposes of negotiating operating agreements with governments other than the U.S. Government, it must submit copies of all operating agreements granted to it by foreign governments and evidence of any refusal of a foreign government to grant it an operating agreement. For purposes of this rule, a service provider is generally considered to be &quot;foreign owned&quot; if 20 percent or more of its stock is owned by persons who are not U.S. citizens.</td>
</tr>
<tr>
<td>Phase-Out:</td>
<td>None</td>
</tr>
</tbody>
</table>

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Annex I - United States

Sector: Manufacturing

Sub-Sector: Agricultural Chemicals

Industry Classification: SIC 2879 Pesticides and Agricultural Chemicals, Not Elsewhere Classified

Type of Reservation: National Treatment (Article 1102)


Description: Investment

The Administrator of the Environmental Protection Agency may not knowingly disclose information submitted by an applicant or registrant under the Federal Insecticide, Fungicide, and Rodenticide Act, without consent, to any foreign or multinational business or entity, or any employee or agent of such business or entity, engaged in the production, sale or distribution of pesticides in countries other than the United States or to any person who intends to deliver such data to that business, entity, employee or agent (7 U.S.C. § 136h(g)).

Phase-Out: None
Sector: Mining

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)

Level of Government: Federal


43 C.F.R. § 3102

43 C.F.R. § 2882.2-1

10 U.S.C. § 7435

Description: Investment

Under the *Mineral Lands Leasing Act of 1920*, aliens and foreign corporations may not acquire rights-of-way for oil or gas pipelines, or pipelines carrying products refined from oil and gas, across on-shore federal lands or acquire leases or interests in certain minerals on on-shore federal lands, such as coal or oil. Non-U.S. citizens may own a 100 percent interest in a domestic corporation that acquires a right-of-way for oil or gas pipelines across on-shore federal lands, or that acquires a lease to develop mineral resources on on-shore federal lands, unless the foreign investor's home country denies similar or like privileges for the mineral or access in question to U.S. citizens or corporations, as compared with the privileges it accords to its own citizens or corporations or to the citizens or corporations of other countries (30 U.S.C. §§ 181, 185(a)).

Nationalization is not considered to be denial of similar or like privileges.
Annex I - United States

Foreign citizens, or corporations controlled by them, are restricted from obtaining access to federal leases on Naval Petroleum Reserves if the laws, customs or regulations of their country deny the privilege of leasing public lands to citizens or corporations of the United States (10 U.S.C. § 7435).

Phase-Out: None
Annex I - United States

Sector: Professional Services


Industry Classification: SIC 7389 Business Services, Not Elsewhere Classified
SIC 8111 Legal Services

Type of Reservation: National Treatment (Article 1202)
Most-Favored-Nation Treatment (Article 1203)
Local Presence (Article 1205)

Level of Government: Federal

Measures:
35 U.S.C. Chapter 3 (practice before the U.S. Patent and Trademark Office)
37 C.F.R. Part 10 (representation of others before the U.S. Patent and Trademark Office)

Description: Cross-Border Services

As a condition to be registered to practice for others before the U.S. Patent and Trademark Office (USPTO):

(a) a patent attorney must be a U.S. citizen or an alien lawfully residing in the United States (37 C.F.R. § 10.6(a));

(b) a patent agent must be a U.S. citizen, an alien lawfully residing in the United States or a non-resident who is registered to practice in a country that permits patent agents registered to practice before the USPTO to practice in that country (37 C.F.R. § 10.6(c)); and

(c) a practitioner in trademark and non-patent cases must be an attorney licensed in the United States, a "grandfathered" agent, an attorney licensed to practice in a country that accords equivalent treatment to attorneys

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Annex I - United States

licensed in the United States, or an agent registered to practice in such a country (37 C.F.R. § 10.14(a)-(c)).

Phase-Out:

Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3).
Annex I - United States

Sector: Public Administration

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)

Level of Government: Federal

Measures: 22 U.S.C. §§ 2194(a) and (b) and 2198(c)

Description: Investment

The Overseas Private Investment Corporation insurance and loan guarantees are not available to certain aliens, foreign enterprises or foreign-controlled domestic enterprises.

Phase-Out: None
Sector: Transportation
Sub-Sector: Air Transportation
Industry Classification:
SIC 3721 Aircraft Repair and Rebuilding on a Factory Basis
SIC 4581 Aircraft Repair (Except on a Factory Basis)
Type of Reservation: Most-Favored-Nation Treatment (Article 1203)
Level of Government: Federal
Measures:
49 U.S.C. App. §§ 1354, 1421-1430
14 C.F.R. §§ 43 and 145

Agreement Concerning Airworthiness Certification, Exchange of Letters between the United States and Canada dated August 31, 1984, TIAS 11023, as amended

Description:
Cross-Border Services

For aircraft repair, overhaul or maintenance activities performed outside the territory of the United States, during which an aircraft is withdrawn from service, U.S. measures require that, in order to perform work on U.S.-registered aircraft, foreign air repair stations must be certified by the Federal Aviation Administration with continuing oversight provided by the Federal Aviation Administration.

Pursuant to an airworthiness agreement between the United States and Canada, the United States recognizes the certifications and oversight provided by Canada for all repair and maintenance facilities and individuals performing the work located in Canada.

Phase-Out: None
Annex I - United States

Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification: SIC 4512 Air Transportation Scheduled
SIC 4513 Air Courier Services
SIC 4522 Air Transportation Non-scheduled

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal


Description: Investment

Only air carriers that are "citizens of the United States" may operate aircraft in domestic air service (cabotage) and may provide international scheduled and non-scheduled air service as U.S. air carriers.

U.S. citizens also have blanket authority to engage in indirect air transportation activities (air freight forwarding and charter activities other than as actual operators of the aircraft). In order to conduct such activities, non-U.S. citizens must obtain authority from the Department of Transportation. Applications for such authority may be rejected for reasons relating to the failure of effective reciprocity, or if the Department of Transportation finds that it is in the public interest to do so.

Under the Federal Aviation Act of 1958, a "citizen of the United States" means:

(a) an individual who is a U.S. citizen;

(b) a partnership in which each member is a U.S. citizen; or
Annex I - United States

(c) a U.S. corporation of which the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, and at least 75 percent of the voting interest in the corporation is owned or controlled by U.S. citizens (49 U.S.C. App. § 1301(16)).

In addition, this statutory requirement has historically been interpreted by the Department of Transportation (and the Civil Aeronautics Board before it) to require that an air carrier in fact be under the actual control of U.S. citizens. The Department of Transportation makes this determination on a case-by-case basis, and has provided guidance as to certain lines of demarcation. For example, total foreign equity investment of up to 49 percent (with a maximum of 25 percent being voting stock), by itself, is not construed as indicative of foreign control. See Department of Transportation Order 91-1-41, January 23, 1991.

Phase-Out: None
Annex I - United States

Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification:
- SIC 0721 Crop Planting, Cultivating, and Protecting (limited to aerial dusting and spraying, dusting crops, with or without fertilizing, spraying crops, with or without fertilizing)
- SIC 0851 Forestry Services (limited to aerial fire fighting)
- SIC 4522 Air Transportation, Nonscheduled (limited to air taxi services, sightseeing airplane services)
- SIC 7319 Advertising, Not Elsewhere Classified (limited to aerial advertising, sky writing)
- SIC 7335 Commercial Photography (limited to aerial photographic service, except mapmaking)
- SIC 7389 Business Services, Not Elsewhere Classified (limited to mapmaking, including aerial; pipeline and powerline inspection services; and firefighting service, other than forestry)
- SIC 7997 Membership Sports & Recreation Clubs (limited to aviation clubs, membership)
- SIC 8299 Schools & Education Services, Not Elsewhere Classified (limited to flying instruction)
- SIC 8713 Surveying Services (limited to aerial surveying)

Type of Reservation:
- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)
- Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures:
- 14 C.F.R. § 375
- As qualified by paragraph 2 of the Description element

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Description:

Cross-Border Services

1. Authorization from the Department of Transportation is required for the provision of specialty air services in the territory of the United States. A person of Canada or Mexico that provides aerial construction, heli-logging, aerial sightseeing, flight training, aerial inspection and surveillance and aerial spraying services may not be authorized to provide those services if there is inadequate reciprocity on the part of the country of the applicant, or if approval would otherwise not be in the public interest.

2. A person of Mexico or Canada may obtain such authorization to provide, subject to compliance by that person with U.S. safety regulations, aerial mapping, aerial surveying, aerial photography, forest fire management, fire fighting, aerial advertising, glider towing and parachute jumping.

Investment

3. "Foreign civil aircraft" require authority from the Department of Transportation to conduct specialty air services in the territory of the United States. "Foreign civil aircraft" are aircraft of foreign registry or aircraft of U.S. registry that are owned, controlled or operated by persons who are not citizens or permanent residents of the United States (14 C.F.R. § 375.1). Under the Federal Aviation Act of 1958, a "citizen of the United States" means:

(a) an individual who is a U.S. citizen;

(b) a partnership in which each member is a U.S. citizen; or

(c) a U.S. corporation of which the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, and at least seventy-five percent of the voting interest in the corporation is owned or controlled by U.S. citizens (49 U.S.C. App. § 1301(16)).
In addition, this statutory requirement has historically been interpreted by the Department of Transportation (and the Civil Aeronautics Board before it) to require that an air carrier in fact be under the actual control of U.S. citizens. The Department of Transportation makes this determination on a case-by-case basis, and has provided guidance as to certain lines of demarcation. For example, total foreign equity investment of up to 49 percent (with a maximum of 25 percent being voting stock), by itself, is not construed as indicative of foreign control. See Department of Transportation Order 91-1-41, January 23, 1991.

Phase-Out:

Cross-Border Services

A person of Canada or Mexico will be permitted to obtain, subject to compliance with U.S. safety requirements, authorization to provide the following specialty air services in the territory of the United States:

(a) two years after the date of entry into force of this Agreement, aerial construction and heli-loggling;

(b) three years after the date of entry into force of this Agreement, aerial sightseeing, flight training and aerial inspection and surveillance services; and

(c) six years after the date of entry into force of this Agreement, aerial spraying services.

Investment

None
Annex I - United States

Sector: Transportation

Sub-Sector: Land Transportation

Industry Classification:
- SIC 4213 Trucking, Except Local
- SIC 4215 Courier Services, Except by Air
- SIC 4131 Intercity and Rural Bus Transportation
- SIC 4142 Bus Charter Service, Except Local
- SIC 4151 School Buses (limited to interstate transportation not related to school activity)

Type of Reservation:
- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)

Level of Government: Federal

Measures:
- 49 U.S.C. § 10922(d)(1) and (2)
- 49 U.S.C. § 10530(3)
- 49 U.S.C. §§ 10329, 10330 and 11705
- 19 U.S.C. § 1202
- 49 C.F.R. § 1044

Memorandum of Understanding Between the United States of America and the United Mexican States on Facilitation of Charter/Tour Bus Service, December 3, 1990

As qualified by paragraph 2 of the Description element
Description:

Cross-Border Services

1. Operating authority from the Interstate Commerce Commission (ICC) is required to provide interstate or cross-border bus or truck services in the territory of the United States. A moratorium remains in place on new grants of operating authority for persons of Mexico.

2. The moratorium does not apply to the provision of cross-border charter or tour bus services.

3. Under the moratorium, persons of Mexico without operating authority may operate only within ICC Border Commercial Zones, for which ICC operating authority is not required. Persons of Mexico providing truck services, including for hire, private, and exempt services, without operating authority are required to obtain a certificate of registration from the ICC to enter the United States and operate to or from the ICC Border Commercial Zones. Persons of Mexico providing bus services are not required to obtain an ICC certificate of registration to provide these services to or from the ICC Border Commercial Zones.

4. Only persons of the United States, using U.S.-registered and either U.S.-built or duty-paid trucks or buses, may provide truck or bus service between points in the territory of the United States.

Investment

5. The moratorium has the effect of being an investment restriction because enterprises of the United States providing bus or truck services that are owned or controlled by persons of Mexico may not obtain ICC operating authority.
Phase-Out:

Cross-Border Services

A person of Mexico will be permitted to obtain operating authority to provide:

(a) three years after the date of signature of this Agreement, cross-border truck services to or from border states (California, Arizona, New Mexico and Texas), and such persons will be permitted to enter and depart the territory of United States through different ports of entry;

(b) three years after the date of entry into force of this Agreement, cross-border scheduled bus services; and

(c) six years after the date of entry into force of this Agreement, cross-border truck services.

Investment

A person of Mexico will be permitted to establish an enterprise in the United States to provide:

(a) three years after the date of signature of this Agreement, truck services for the transportation of international cargo between points in the United States; and

(b) seven years after the date of entry into force of this Agreement, bus services between points in the United States.

The moratorium will remain in place on grants of authority for the provision of truck services by persons of Mexico between points in the United States for the transportation of goods other than international cargo.

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**Annex I - United States**

<table>
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<tr>
<th>Sector:</th>
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<tr>
<td>Sub-Sector:</td>
<td>Customs Brokers</td>
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<tr>
<td>Industry Classification:</td>
<td>SIC 4731     Arrangement of Transportation of Freight and Cargo</td>
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<td>Type of Reservation:</td>
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<td>Local Presence (Article 1205)</td>
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<tr>
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<td>Federal</td>
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<tr>
<td>Measures:</td>
<td>19 U.S.C. § 1641(b)</td>
</tr>
<tr>
<td>Description:</td>
<td>Cross-Border Services and Investment</td>
</tr>
</tbody>
</table>

A customs broker's license is required to conduct customs business on behalf of another person. Only U.S. citizens may obtain such a license. A corporation, association or partnership established under the law of any state may receive a customs broker's license if at least one officer of the corporation or association, or one member of the partnership, holds a valid customs broker's license.

**Phase-Out:** None. Subject to discussion by the Parties five years after the date of entry into force.

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Annex I - United States

Sector: All Sectors

Sub-Sector:

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)

Level of Government: Federal

Measures: Securities Act of 1933, 15 U.S.C. §§ 77C(b), 77f, 77g, 77h, 77j and 77s(a)

17 C.F.R. §§ 230.251 and 230.405

Securities Exchange Act of 1934, 15 U.S.C. §§ 78l, 78m, 78o(d) and 78w(a)

17 C.F.R. § 240.12b-2

Description: Investment

Foreign firms, except for certain Canadian issuers, may not use the small business registration forms under the Securities Act of 1933 to register securities that the firms issue or qualify to use the less costly standards under the rules.

Phase-Out: None
### Sector:
Waste Management

### Sub-Sector:

### Industry Classification:
SIC 4952 Sewerage System

### Type of Reservation:
Performance Requirements (Article 1106)

### Level of Government:
Federal

### Measures:

### Description:
Investment

The *Clean Water Act* authorizes grants for the construction of treatment plants for municipal sewage or industrial waste. Grant recipients may be privately-owned enterprises. The Act provides that grants shall be made for treatment works only if such articles, materials and supplies as have been manufactured, mined or produced in the United States will be used in the treatment works. The Administrator of the Environmental Protection Agency has authority not to apply this provision, for example, if the cost of the articles in question is unreasonable (33 U.S.C. § 1295).

### Phase-Out:
None
ANNEX II

RESERVATIONS FOR FUTURE MEASURES
Annex II

1. The Schedule of a Party sets out, pursuant to Articles 1108(3) (Investment) and 1206(3) (Cross-Border Trade in Services), 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 1102 or 1202 (National Treatment);

   (b) Article 1103 or 1203 (Most-Favored-Nation Treatment);

   (c) Article 1205 (Local Presence);

   (d) Article 1106 (Performance Requirements); or

   (e) Article 1107 (Senior Management and Boards of Directors).

2. Each reservation sets out the following elements:

   (a) **Sector** refers to the general sector in which the reservation is taken;

   (b) **Sub-Sector** refers to the specific sector in which the reservation is taken;

   (c) **Industry Classification** refers, where applicable, 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 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) **Existing 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 purposes of this Annex:

**CMAP** means Clasificación Mexicana de Actividades y Productos (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

**CPC** means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and

**SIC** means:

(a) with respect to Canada, Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and

Annex II
Schedule of Canada

Sector: Aboriginal Affairs

Sub-Sector:

Industry Classification:
Type of Reservation:
National Treatment (Articles 1102, 1202)
Most-Favored-Nation Treatment (Articles 1103, 1203)
Local Presence (Article 1205)
Performance Requirements (Article 1106)
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure denying investors of another Party and their investments, or service providers of another Party, any rights or preferences provided to aboriginal peoples.

Annex II - Canada

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)

Description: Investment

Canada reserves the right to adopt or maintain any measure relating to residency requirements for the ownership by investors of another Party, or their investments, of oceanfront land.

Existing Measures:
Sector: Communications

Sub-Sector: Telecommunications Transport Networks and Services, Radiocommunications and Submarine Cables

Industry Classification: CPC 752 Telecommunications Services
CPC 7543 Connection Services
CPC 7549 Other Telecommunications Services Not Elsewhere Classified (limited to telecommunications transport networks and services)

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)
Senior Management and Boards of Directors (Article 1107)

Description: Investment

Canada reserves the right to adopt or maintain any measure relating to investment in telecommunications transport networks and telecommunications transport services, radiocommunications and submarine cables, including ownership restrictions and measures concerning corporate officers and directors and place of incorporation.

This reservation does not apply to providers of enhanced or value-added services whose underlying telecommunications transmission facilities are leased from providers of public telecommunications transport networks.

Existing Measures: Bell Canada Act, S.C. 1987, c. 19

British Columbia Telephone Company Special Act, S.C. 1916, c. 66

Teleglobel Canada Reorganization and Divestiture Act, S.C. 1987, c. 12

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Annex II - Canada

Telesat Canada Reorganization and Divestiture Act, S.C 1991, c. 52

Radiocommunication Act, R.S.C. 1985, c. R-2

Telegraphs Act, R.S.C. 1985, c. T-5

Telecommunications Policy Framework, 1987
Sector: Communications

Sub-Sector: Telecommunications Transport Networks and Services, Radiocommunications and Submarine Cables

Industry Classification:
- CPC 752 Telecommunications Services (not including enhanced or value-added services)
- CPC 7543 Connection Services
- CPC 7549 Other Telecommunications Services Not Elsewhere Classified (limited to telecommunications transport networks and services)

Type of Reservation:
- National Treatment (Article 1202)
- Most-Favored-Nation Treatment (Article 1203)
- Local Presence (Article 1205)

Description: Cross-Border Services

Canada reserves the right to adopt or maintain any measure relating to radiocommunications, submarine cables and the provision of telecommunications transport networks and telecommunications transport services. These measures may apply to such matters as market entry, spectrum assignment, tariffs, intercarrier agreements, terms and conditions of service, interconnection between networks and services, and routing requirements that impede the provision on a cross-border basis of telecommunications transport networks and telecommunications transport services, radiocommunications and submarine cables.

Telecommunications transport services typically involve the real-time transmission of customer-supplied information between two or more points without any end-to-end change in the form or content of the customer's information, whether or not such services are offered to the public generally. These services include voice and data services by wire, radiocommunications or any other electromagnetic means of transmission.
This reservation does not apply to measures relating to the cross-border provision of enhanced or value-added services.

**Existing Measures:**

*Bell Canada Act*, S.C. 1987, c. 19

*British Columbia Telephone Company Special Act*, S.C. 1916, c. 66


*Telecommunications Policy Framework*, 1987

*Telecommunications Decisions*, *C.R.T.C.*, including (85-19), (90-3), (91-10), (91-21), (92-11) and (92-12)
Sector: Government Finance

Sub-Sector: Securities

Industry Classification: SIC 8152 Finance and Economic Administration

Type of Reservation: National Treatment (Article 1102)

Description: Investment

Canada reserves the right to adopt or maintain any measure relating to the acquisition, sale or other disposition by nationals of another Party of bonds, treasury bills or other kinds of debt securities issued by the Government of Canada, a province or local government.

Sector: Minority Affairs

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202) 
Local Presence (Article 1205) 
Performance Requirements (Article 1106) 
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities.

Existing Measures:
Annex II - Canada

Sector: Social Services

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)
Most-Favored-Nation Treatment (Article 1203)
Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure with respect to the provision of public law enforcement and correctional services, and the following services to the extent that they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

Existing Measures:
Annex II - Canada

Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification: SIC 4513 Non-Scheduled Air Transport, Specialty, Industry

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)
Senior Management and Boards of Directors (Article 1107)

Description: Investment

Canada reserves the right to adopt or maintain any measure that restricts the acquisition or establishment of an investment in Canada for the provision of specialty air services to a Canadian national or a corporation incorporated and having its principal place of business in Canada, its chief executive officer and not fewer than two-thirds of its directors as Canadian nationals, and not less than 75 percent of its voting interest owned and controlled by persons otherwise meeting these requirements.


Air Regulations, C.R.C. 1978, c. 2

Aircraft Marking and Registration Regulations, SOR/90-591
Annex II - Canada

Sector: Transportation
Sub-Sector: Water Transportation

Industry Classification:
- SIC 4129 Other Heavy Construction (limited to dredging)
- SIC 4541 Freight and Passenger Water Transport Industry
- SIC 4542 Ferry Industry
- SIC 4543 Marine Towing Industry
- SIC 4549 Other Water Transport Industries
- SIC 4552 Harbour and Port Operation Industries (limited to berthing, bunkering and other vessel operations in a port)
- SIC 4553 Marine Salvage Industry
- SIC 4554 Piloting Service, Water Transport Industry
- SIC 4559 Other Service Industries Incidental to Water Transport (not including landside aspects of port activities)

Type of Reservation:
- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)
- Performance Requirements (Article 1106)
- Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure relating to investment in or provision of maritime cabotage services, including:

(a) the transportation of goods or passengers by vessel between points in the territory of Canada and in its Exclusive Economic Zone;

(b) with respect to waters above the continental shelf, the transportation of goods or passengers in relation to the exploration, exploitation or transportation of the mineral
or non-living natural resources of the continental shelf; and

(c) the engaging by vessel in any maritime activity of a commercial nature in the territory of Canada and in its Exclusive Economic Zone and, with respect to waters above the continental shelf, in such other maritime activities of a commercial nature in relation to the exploration, exploitation or transportation of mineral or non-living natural resources of the continental shelf.

This reservation relates to, among other things, local presence requirements for service providers entitled to participate in these activities, criteria for the issuance of a temporary cabotage license to foreign vessels and limits on the number of cabotage licenses issued to foreign vessels.

Existing Measures:

Coasting Trade Act, S.C. 1992, c. 31

Canada Shipping Act, R.S.C. 1985, c. S-9

Customs Act, R.S.C. 1985, c. 1 (2nd Supp.)

Customs and Excise Offshore Application Act, R.S.C. 1985, c. C-53
Sector: Transportation
Sub-Sector: Water Transportation

Industry Classification:
- SIC 4541: Freight and Passenger Water Transport Industry
- SIC 4542: Ferry Industry
- SIC 4543: Marine Towing Industry
- SIC 4549: Other Water Transport Industries
- SIC 4551: Marine Cargo Handling Industry
- SIC 4552: Harbour and Port Operation Industries
- SIC 4553: Marine Salvage Industry
- SIC 4554: Piloting Service, Water Transport Industry
- SIC 4559: Other Service Industries Incidental to Water Transport

Type of Reservation:
- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)
- Performance Requirements (Article 1106)
- Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure denying service providers or investors of the United States, or their investments, the benefits accorded service providers or investors of Mexico or any other country, or their investments, in sectors or activities equivalent to those subject to Schedule of the United States, Annex II, page II-U-9.

Existing Measures:
Annex II - Canada

<table>
<thead>
<tr>
<th>Sector:</th>
<th>Transportation</th>
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<tbody>
<tr>
<td>Sub-Sector:</td>
<td>Water Transportation</td>
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<tr>
<td>Industry Classification:</td>
<td></td>
</tr>
<tr>
<td>SIC 4541</td>
<td>Freight and Passenger Water Transport Industry</td>
</tr>
<tr>
<td>SIC 4542</td>
<td>Ferry Industry</td>
</tr>
<tr>
<td>SIC 4543</td>
<td>Marine Towing Industry</td>
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<td>SIC 4549</td>
<td>Other Water Transport Industries</td>
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<tr>
<td>SIC 4551</td>
<td>Marine Cargo Handling Industry</td>
</tr>
<tr>
<td>SIC 4552</td>
<td>Harbour and Port Operation Industries</td>
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<tr>
<td>SIC 4553</td>
<td>Marine Salvage Industry</td>
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<tr>
<td>SIC 4554</td>
<td>Piloting Service, Water Transport Industry</td>
</tr>
<tr>
<td>SIC 4559</td>
<td>Other Service Industries Incidental to Water Transport</td>
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<thead>
<tr>
<th>Type of Reservation:</th>
<th>Most-Favored-Nation Treatment (Article 1203)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description:</td>
<td>Cross-Border Services</td>
</tr>
</tbody>
</table>

Canada reserves the right to adopt or maintain any measure relating to the implementation of agreements, arrangements and other formal or informal undertakings with other countries with respect to maritime activities in waters of mutual interest in such areas as pollution control (including double hull requirements for oil tankers), safe navigation, barge inspection standards, water quality, pilotage, salvage, drug abuse control and maritime communications.

Existing Measures:  

*United States Wreckers Act, R.S.C. 1985, c. U-3*

Various agreements and arrangements, including:

(a) Memorandum of Arrangements on Great Lakes Pilotage;

(b) Canada - United States Joint Marine Pollution Contingency Plan;
(c) Agreement with the United States on Loran "C" Service on the East and West Coasts; and

(d) Denmark - Canada Joint Marine Pollution Circumpolar Agreement.
Annex II
Schedule of Mexico

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)

Description: Cross-Border and Investment

Mexico reserves the right to adopt or maintain any measure restricting the acquisition, sale or other disposition of bonds, treasury bills or any other kind of debt security issued by the federal, state or local governments, except with respect to ownership by "a financial institution of another Party", as defined in Chapter Fourteen (Financial Services).

Existing Measures:
Sector: Communications

Sub-Sector: Entertainment Services (Broadcasting and Multipoint Distribution Systems (MDS))

Industry Classification: CMAP 941104 Private Production and Transmission of Radio Programs (limited to transmission of radio programs, MDS and uninterrupted music)

CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to transmission and retransmission of television programs, MDS, and high-definition television)

Type of Reservation: National Treatment (Articles 1102, 1202)

Most-Favored-Nation Treatment (Articles 1103, 1203)

Local Presence (Article 1205)

Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Mexico reserves the right to adopt or maintain any measure relating to investment in, or provision of, broadcasting, multipoint distribution systems, uninterrupted music and high-definition television services. This reservation does not apply to measures relating to the production, sale or licensing of radio or television programming.

Existing Measures: Constitución Política de los Estados Unidos Mexicanos, Artículo 32

Ley de Vías Generales de Comunicación

Ley Federal de Radio y Televisión

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera
Sector: Communications
Sub-Sector: Telecommunications
Industry Classification: CMAP 720006 Other Telecommunications Services (limited to aeronautical mobile and fixed services)
Type of Reservation: National Treatment (Articles 1102, 1202) Most-Favored-Nation Treatment (Articles 1103, 1203) Local Presence (Article 1205)
Description: Cross-Border Services and Investment

Mexico reserves the right to adopt or maintain any measure relating to investment in, or provision of, air traffic control, aeronautical meteorology, aeronautical telecommunications, and other telecommunications services relating to air navigation services.

Existing Measures: Constitución Política de los Estados Unidos Mexicanos, Artículo 32

Ley de Vías Generales de Comunicación

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera

Decreto que Crea el Organismo Desconcentrado "Servicios a la Navegación en el Espacio Aéreo Mexicano" (SENEAM), 3 de octubre de 1978
Annex II - Mexico

Sector: Communications

Sub-Sector: Telecommunications Transport Networks

Industry Classification:
- CMAP 720003 Telephone Services
- CMAP 720004 Telephone Booth Services
- CMAP 720006 Other Telecommunications Services (not including enhanced or value-added services)
- CMAP 502003 Telecommunications Installations

Type of Reservation:
- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)

Description: Cross-Border Services and Investment

Mexico reserves the right to adopt or maintain any measure relating to investment in, or provision of, telecommunications transport networks and telecommunications transport services. Telecommunications transport networks include the facilities to provide telecommunications transport services such as local basic telephone services, long-distance telephone services (national and international), rural telephone services, cellular telephone services, telephone booth services, satellite services, trunking, paging, mobile telephony, maritime telecommunications services, air telephone, telex, and data transmission services. Telecommunications transport services typically involve the real-time transmission of customer-supplied information between two or more points without any end-to-end change in the form or content of the customer’s information, whether or not such services are offered to the public generally.

Existing Measures: Constitución Política de los Estados Unidos Mexicanos, Artículo 32

Ley de Vías Generales de Comunicación
Annex II - Mexico

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera

Reglamento de Telecomunicaciones
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<tr>
<th>Sector:</th>
<th>Communications and Transportation</th>
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<tr>
<td>Sub-Sector:</td>
<td>Postal Services, Telecommunications and Railroads</td>
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<tr>
<td>Industry Classification:</td>
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<tr>
<td>CMAP 720001</td>
<td>Postal Services</td>
</tr>
<tr>
<td>CMAP 720005</td>
<td>Telegraph Services, Radiotelegraph Services, Wireless Telegraphy</td>
</tr>
<tr>
<td>CMAP 720006</td>
<td>Other Telecommunications Services (limited to satellite communications)</td>
</tr>
<tr>
<td>CMAP 711101</td>
<td>Railway Transportation Services (limited to operation, administration and control of traffic within the Mexican railway system, supervision and management of railway rights-of-way, construction, operation, and maintenance of basic railway infrastructure)</td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 1202)</td>
</tr>
<tr>
<td></td>
<td>Most-Favored-Nation Treatment (Article 1203)</td>
</tr>
<tr>
<td></td>
<td>Local Presence (Article 1205)</td>
</tr>
<tr>
<td>Description:</td>
<td>Cross-Border Services</td>
</tr>
<tr>
<td></td>
<td>Mexico reserves the right to adopt or maintain any measure related to the provision of postal services (operation, administration and organization of first class mail), telegraph services, radiotelegraphy services, satellite communications services (establishment, ownership and operation of satellite systems, and establishment, ownership and operation of earth stations with international links), and railroad services (operation, administration and control of traffic within the Mexican railway system, supervision and management of railway rights-of-way, construction, operation, and maintenance of basic railway infrastructure).</td>
</tr>
<tr>
<td>Existing Measures:</td>
<td>Constitución Política de los Estados Unidos Mexicanos, Artículo 28</td>
</tr>
</tbody>
</table>

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Annex II - Mexico

Ley de Vías Generales de Comunicación

Ley Orgánica de Ferrocarriles Nacionales de México

Ley del Servicio Postal Mexicano
Sector: Energy

Sub-Sector: Petroleum and Other Hydrocarbons
Basic Petrochemicals
Electricity
Nuclear Power
Treatment of Radioactive Minerals

Industry Classification:

Type of Reservation: National Treatment (Article 1202)
Most-Favored-Nation Treatment (Article 1203)
Local Presence (Article 1205)

Description: Cross-Border Services

Subject to Annex 602.3, Mexico reserves the right to adopt or maintain any measure related to services associated with energy and basic petrochemical goods.

Existing Measures:
Constitución Política de los Estados Unidos Mexicanos,
Artículos 27, 28

Ley Reglamentaria del Artículo 27 Constitucional en Materia Nuclear

Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo y sus reglamentos

Ley Orgánica de Petróleos Mexicanos y Organismos Subsidiarios
Sector: Minority Affairs

Sub-Sector: 

Industry Classification: 

Type of Reservation: National Treatment (Article 1202)
Local Presence (Article 1205)

Description: Cross-Border Services

Mexico reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged groups.

Existing Measures: Constitución Política de los Estados Unidos Mexicanos, Artículo 4
Annex II - Mexico

Sector: Professional, Technical and Specialized Services

Sub-Sector: Professional Services

Industry Classification: CMAP 951002 Legal Services (including foreign legal consultancy)

Type of Reservation: National Treatment (Articles 1102, 1202)
Most-Favored-Nation Treatment (Articles 1103, 1203)
Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Subject to Schedule of Mexico, Annex VI, page VI-M-2, Mexico reserves the right to adopt or maintain any measure relating to the provision of legal services and foreign legal consultancy services by persons of the United States.

Existing Measures: Ley Reglamentaria del Artículo 50. Constitucional, relativo al ejercicio de las profesiones en el Distrito Federal

Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera
Annex II - Mexico

Sector: Social Services

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Mexico reserves the right to adopt or maintain any measure with respect to the provision of public law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

Existing Measures: Constitución Política de los Estados Unidos Mexicanos, Artículos 4, 17, 18, 25, 26, 28, 123
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Sector:</td>
<td>Specialized Personnel</td>
</tr>
<tr>
<td>Industry Classification:</td>
<td>CMAP 951023 Other Specialized Services (limited to ship captains (capitanes); aircraft pilots (pilotos); ship masters (patrones); ship machinists (maquinistas); ship mechanics (mecánicos); airport administrators (comandantes de aeródromos); harbor masters (capitanes de puerto); harbor pilots (pilotos de puerto); customs brokers (agentes aduanales); crew on Mexican-flagged vessels or aircraft (personal que tripule cualquier embarcación o aeronave con bandera o insignia mercante mexicana))</td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 1202)  Most-Favored-Nation Treatment (Article 1203)  Local Presence (Article 1205)</td>
</tr>
<tr>
<td>Description:</td>
<td>Cross-Border Services</td>
</tr>
<tr>
<td></td>
<td>Only Mexican nationals by birth may serve as:</td>
</tr>
<tr>
<td></td>
<td>(a) captains, pilots, ship masters, machinists, mechanics and crew members manning vessels or aircraft under the Mexican flag;</td>
</tr>
<tr>
<td></td>
<td>(b) harbor pilots, harbor masters and airport administrators; and</td>
</tr>
<tr>
<td></td>
<td>(c) customs brokers.</td>
</tr>
<tr>
<td>Existing Measures:</td>
<td>Constitución Política de los Estados Unidos Mexicanos, Artículo 32</td>
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</table>

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Annex II
Schedule of United States

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)

Description: Investment

The United States reserves the right to adopt or maintain any measure relating to residency requirements for the ownership by investors of Canada, or their investments, of oceanfront land.

Existing Measures:
Sector: Communications
Sub-Sector: Cable Television
Industry Classification: CPC 753 Radio and Television Cable Services
Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)
Description: Investment

Subject to Article 2106, the United States reserves the right to adopt or maintain any measure that accords equivalent treatment to persons of any country that limits ownership by persons of the United States in an enterprise engaged in the operation of a cable television system in that country.

Existing Measures:
Annex II - United States

Sector: Communications

Sub-Sector: Telecommunications Transport Networks and Services and Radiocommunications

Industry Classification: 
- CPC 752 Telecommunications Services (not including enhanced or value-added services)
- CPC 7543 Connection Services
- CPC 7549 Other Telecommunications Services Not Elsewhere Classified (limited to telecommunications transport networks and services)

Type of Reservation: National Treatment (Articles 1102, 1202)
Most-Favored-Nation Treatment (Articles 1103, 1203)
Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure relating to investment in, or the provision of, telecommunications transport networks, telecommunications transport services or radiocommunications. These measures may apply to such matters as market entry, spectrum assignment, tariffs, intercarrier agreements, terms and conditions of service, and interconnection between networks and services. Telecommunications transport services typically involve the real-time transmission of customer-supplied information between two or more points without end-to-end change in the form or content of the customer's information, whether or not such services are offered to the public generally. These services include voice and data services provided by any electromagnetic means. Radiocommunications include all communications by radio,
including broadcasting. This reservation does not apply to measures relating to enhanced or value-added services or to the production, sale or licensing of radio or television programming.

Existing Measures:

*Communications Act of 1934, 47 U.S.C. §§ 151 et seq.*, see particularly §§ 310(a), (b) (radio licenses for common carrier, aeronautical en route, aeronautical fixed, and broadcasting services)


*Submarine Cable Landing Act, 47 U.S.C. § 34-9, see particularly § 35 (undersea cables)*

*Communications Satellite Act of 1962, 47 U.S.C. §§ 701-57*

*Telegraph Act, 47 U.S.C. § 17 (telegraph cables serving Alaska)*

*Children’s Television Act of 1990, 47 U.S.C. § 303a*

*Television Program Improvement Act of 1990, 47 U.S.C. § 303c*
Annex II - United States

Sector: Social Services

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure with respect to the provision of public law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

Existing Measures:
Annex II - United States

Sector: Minority Affairs

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)
Performance Requirements (Article 1106)
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities, including corporations organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act.

Annex II - United States

Sector: Professional Services

Sub-Sector: Legal Services

Industry Classification: SIC 8111 Legal Services

Type of Reservation: National Treatment (Articles 1102, 1202)
Most-Favored-Nation Treatment (Articles 1103, 1203)
Local Presence (Article 1205)
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Subject to Schedule of the United States, Annex VI, page VI-U-2, the United States reserves the right to adopt or maintain any measure relating to the provision of legal services, including foreign legal consultancy services, by persons of Mexico.

Existing Measures:
Annex II - United States

Sector: Publishing

Sub-Sector: Newspaper Publishing

Industry Classification: SIC 2711 Newspapers: Publishing, or Publishing and Printing

Type of Reservation: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article 1103)

Description: Investment

Subject to Article 2106, the United States reserves the right to adopt or maintain any measure that accords equivalent treatment to persons of any country that limits ownership by persons of the United States in an enterprise engaged in the publication of daily newspapers primarily written for audiences and distributed in that country.

For purposes of this reservation, daily newspapers are newspapers published at least five days each week.

Existing Measures:
### Sector: Transportation

### Sub-Sector: Water Transportation

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<th>Industry Classification</th>
<th>Description</th>
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<tr>
<td>SIC 091</td>
<td>Commercial Fishing (limited to fishing vessels and fishing operations within the Exclusive Economic Zone)</td>
</tr>
<tr>
<td>SIC 1629</td>
<td>Heavy Construction, Not Elsewhere Classified (limited to marine dredging)</td>
</tr>
<tr>
<td>SIC 4412</td>
<td>Deep Sea Foreign Transportation of Freight (limited to promotional programs for U.S.-flagged vessels)</td>
</tr>
<tr>
<td>SIC 4424</td>
<td>Deep Sea Domestic Transportation of Freight (includes coastwise transportation of freight, deep sea domestic freight transportation, intercoastal transportation of freight, water transportation of freight to noncontiguous territories)</td>
</tr>
<tr>
<td>SIC 4432</td>
<td>Freight Transportation on the Great Lakes and St. Lawrence Seaway</td>
</tr>
<tr>
<td>SIC 4449</td>
<td>Water Transportation of Freight, Not Elsewhere Classified (includes canal barge operations, canal freight transportation, intracoastal freight transportation, lake freight transportation except on the Great Lakes, log rafting and towing, river freight transportation except on the St. Lawrence Seaway, transportation of freight on bays and sounds of the oceans)</td>
</tr>
<tr>
<td>SIC 4481</td>
<td>Deep Sea Transportation of Passengers, Except by Ferry (limited to promotional programs for U.S.-flagged vessels)</td>
</tr>
<tr>
<td>SIC 4482</td>
<td>Ferries</td>
</tr>
<tr>
<td>SIC 4489</td>
<td>Water Transportation of Passengers, Not Elsewhere Classified (includes airboats, swamp buggy rides, excursion boat operations, passenger water transportation on rivers and canals, sightseeing boats, water taxis)</td>
</tr>
<tr>
<td>SIC 4491</td>
<td>Marine Cargo Handling (limited to crew activities)</td>
</tr>
</tbody>
</table>

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Annex II - United States

aboard vessels transporting supplies and cargo within U.S. territorial waters and longshore work performed by crew affected by reciprocity restrictions)

SIC 4492 Towing and Tugboat Services
SIC 4499 Water Transportation Services, Not Elsewhere Classified (limited to cargo salvaging, chartering of commercial boats, lighterage, bunkering, marine salvage, pilotage, steamship leasing, cable laying)

Type of Reservation:
National Treatment (Articles 1102, 1202)
Most-Favored-Nation Treatment (Articles 1103, 1203)
Local Presence (Article 1205)
Performance Requirements (Article 1106)
Senior Management and Boards of Directors (Article 1107)

Description:
Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure relating to the provision of maritime transportation services and the operation of U.S.-flagged vessels, including the following:

(a) requirements for investment in, ownership and control of, and operation of vessels and other marine structures, including drill rigs, in maritime cabotage services, including maritime cabotage services performed in the domestic offshore trades, the coastwise trades, U.S. territorial waters, waters above the continental shelf and in the inland waterways;

(b) requirements for investment in, ownership and control of, and operation of U.S.-flagged vessels in foreign trades;

II-U-10
requirements for investment in, ownership or control of, and operation of vessels engaged in fishing and related activities in U.S. territorial waters and the Exclusive Economic Zone;

requirements related to documenting a vessel under the U.S. flag;

promotional programs, including tax benefits, available for shipowners, operators and vessels meeting certain requirements;

certification, licensing and citizenship requirements for crew members on U.S.-flagged vessels;

manning requirements for U.S.-flagged vessels;

all matters under the jurisdiction of the Federal Maritime Commission;

negotiation and implementation of bilateral and other international maritime agreements and understandings;

limitations on longshore work performed by crew members;

tonnage duties and light money assessments for entering U.S. waters; and

certification, licensing and citizenship requirements for pilots performing pilotage services in U.S. territorial waters.

The following activities are not included in this reservation:

vessel construction and repair; and
landside aspects of port activities, including operation and maintenance of docks, loading and unloading of vessels directly to or from land, marine cargo handling, operation and maintenance of piers, ship cleaning, stevedoring, transfer of cargo between vessels and trucks, trains, pipelines and wharves, waterfront terminal operations, boat cleaning, canal operation, dismantling of vessels, operation of marine railways for drydocking, marine surveyors, except cargo, marine wrecking of vessels for scrap and ship classification societies.

Existing Measures:


*Jones Act Waiver Statute*, 64 Stat 1120, 46 U.S.C. App., note preceding Section 1

*Shipping Act of 1916*, 46 U.S.C. App. §§ 802 and 808


46 U.S.C. §§ 12101 et seq. and 31301 et seq.

46 U.S.C. §§ 8904 and 31328(2)


46 U.S.C. §§ 3301 et seq., 3701 et seq., 8103 and 12107(b)


43 U.S.C. § 1841


Intercoastal Shipping Act, 46 U.S.C. App. § 843


Magnuson Fishery Conservation and Management Act, 16 U.S.C. §§ 1801 et seq.

19 U.S.C. § 1466


Tuna Convention Act, 16 U.S.C. § 951 et seq.


ANNEX III

ACTIVITIES RESERVED TO THE STATE
Annex III
Schedule of Mexico

Section A. Activities Reserved to the Mexican State

Mexico reserves the right to perform exclusively, and to refuse to permit the establishment of investments in, the following activities:

1. Petroleum, Other Hydrocarbons and Basic Petrochemicals
   
   (a) Description of activities
   
   (i) exploration and exploitation of crude oil and natural gas; refining or processing of crude oil and natural gas; and production of artificial gas, basic petrochemicals and their feedstocks and pipelines; and
   
   (ii) foreign trade; transportation, storage and distribution up to and including first hand sales of the following goods: crude oil; natural and artificial gas; goods covered by Chapter Six (Energy and Basic Petrochemicals) obtained from the refining or processing of crude oil and natural gas; and basic petrochemicals.

   (b) Measures:

   Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 27 y 28

   Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo

   Ley Orgánica de Petróleos Mexicanos y Organismos Subsidiarios

2. Electricity

   (a) Description of activities: the supply of electricity as a public service in Mexico, including, the generation, transmission, transformation, distribution and sale of electricity.
(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículo 25, 27, 28*

*Ley del Servicio Público de Energía Eléctrica*

3. Nuclear Power and Treatment of Radioactive Minerals

(a) Description of activities: exploration, exploitation and processing of radioactive minerals, the nuclear fuel cycle, the generation of nuclear energy, the transportation and storage of nuclear waste, the use and reprocessing of nuclear fuel and the regulation of their applications for other purposes and the production of heavy water.

(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículo 25, 27, 28*

*Ley Reglamentaria del Artículo 27 Constitucional en Materia Nuclear*

4. Satellite Communications

(a) Description of activities: the establishment, operation and ownership of satellite systems and earth stations with international links.

(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículo 25, 28*

*Ley de Vías Generales de Comunicación*

5. Telegraph Services

Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículo 25, 28*

*Ley de Vías Generales de Comunicación*
6. Radiotelegraph Services

Measures:

Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 28

Ley de Vías Generales de Comunicación

7. Postal Services

(a) Description of activities: operation, administration and organization of first class mail.

(b) Measures:

Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 28

Ley del Servicio Postal Mexicano

8. Railroads

(a) Description of activities: operation, administration and control of traffic within the Mexican railway system; supervision and management of railway right-of-way; operation, construction and maintenance of basic railway infrastructure.

(b) Measures:

Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 28

Ley Orgánica de Ferrocarriles Nacionales de México

9. Issuance of Bills (currency) and Minting of Coinage

Measures:

Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 28

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Annex III - Mexico

*Ley Orgánica del Banco de México*

*Ley Orgánica de la Casa de Moneda de México*

*Ley Monetaria de los Estados Unidos Mexicanos*

10. Control, Inspection and Surveillance of Maritime and Inland Ports

Measures:

*Ley de Navegación y Comercio Marítimos*

*Ley de Vías Generales de Comunicación*

11. Control, Inspection and Surveillance of Airports and Heliports

Measures:

*Ley de Vías Generales de Comunicación*

The measures referred to are provided for transparency purposes and include any subordinate measure adopted or maintained under the authority of and consistent with such measures.

Section B. Deregulation of Activities Reserved to the State

1. The activities set out in Section A are reserved to the Mexican State, and private equity investment is prohibited under Mexican Law. Where Mexico allows private investment to participate in such activities through service contracts, concessions, lending arrangements or any other type of contractual arrangement, such participation shall not be construed to affect the State’s reservation of those activities.

2. If Mexican law is amended to allow private equity investment in an activity set out in Section A, Mexico may impose restrictions on foreign investment participation notwithstanding Article 1102, and describe them in Annex I. Mexico may also impose derogations from Article 1102 on foreign equity investment participation when selling an asset or ownership interest in an enterprise engaged in activities set out in Section A, and describe them in Annex I.
Section C. Activities Formerly Reserved to the Mexican State

Where an activity was reserved to the Mexican State on January 1, 1992 and is not reserved to the Mexican State on the date of entry into force of this Agreement, Mexico may restrict the initial sale of a state-owned asset or an ownership interest in a state enterprise that performs that activity to enterprises with majority ownership by Mexican nationals, as defined by the Mexican Constitution. For a period not to exceed three years from the initial sale, Mexico may restrict the transfer of such asset or ownership interest to other enterprises with majority ownership by Mexican nationals, as defined by the Mexican Constitution. On expiration of the three-year period, the obligations of national treatment set out in Article 1102 apply. This provision is subject to Article 1108.
ANNEX IV

EXCEPTIONS FOR MOST-FAVORED-NATION TREATMENT
Annex IV
Schedule of Canada

Canada takes an exception to Article 1103 for treatment accorded under all bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement.

For international agreements in force or signed after the date of entry into force of this Agreement, Canada takes an exception to Article 1103 for treatment accorded under those agreements involving:

(a) aviation;
(b) fisheries;
(c) maritime matters, including salvage; or
(d) telecommunications transport networks and telecommunications transport services (this exception does not apply to measures covered by Chapter Thirteen (Telecommunications)).

With respect to state measures not yet set out in Annex I pursuant to Article 1108(2), Canada takes an exception to Article 1103 for international agreements signed within two years of the date of entry into force of this Agreement.

For greater certainty, Article 1103 does not apply to any current or future foreign aid program to promote economic development, such as those governed by the Energy Economic Cooperation Program with Central America and the Caribbean (Pacto de San José) and the OECD Agreement on Export Credits.
Annex IV
Schedule of Mexico

Mexico takes an exception to Article 1103 for treatment accorded under all bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement.

For international agreements in force or signed after the date of entry into force of this Agreement, Mexico takes an exception to Article 1103 for treatment accorded under those agreements involving:

(a) aviation;
(b) fisheries;
(c) maritime matters, including salvage; or
(d) telecommunications transport networks and telecommunications transport services (this exception does not apply to measures covered by Chapter Thirteen (Telecommunications) or to the production, sale or licensing of radio or television programming).

With respect to state measures not yet set out in Annex I pursuant Article 1108(2), Mexico takes an exception to Article 1103 for international agreements signed within two years of the date of entry into force of this Agreement.

For greater certainty, Article 1103 does not apply to any current or future foreign aid programs to promote economic development, such as those governed by the Energy Economic Cooperation Program with Central America and the Caribbean (Pacto de San José) and the OECD Agreement on Export Credits.
Annex IV
Schedule of the United States

The United States takes an exception to Article 1103 for treatment accorded under all bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement.

For international agreements in force or signed after the date of entry into force of this Agreement, the United States takes an exception to Article 1103 for treatment accorded under those agreements involving:

(a) aviation;

(b) fisheries;

(c) maritime matters, including salvage; or

(d) telecommunications transport networks and telecommunications transport services (this exception does not apply to measures covered by Chapter Thirteen (Telecommunications) or the production, sale or licensing of radio or television programming).

With respect to state measures not yet set out in Annex I pursuant to Article 1108(2), the United States takes an exception to Article 1103 for international agreements signed within two years of the date of entry into force of this Agreement.

For greater certainty, Article 1103 does not apply to any current or future foreign aid program to promote economic development, such as those governed by the Energy Economic Cooperation Program with Central America and the Caribbean (Pacto de San José) and the OECD Agreement on Export Credits.
ANNEX V

QUANTITATIVE RESTRICTIONS
AND OTHER ITEMS
Annex V

1. The Schedule of a Party sets out the non-discriminatory quantitative restrictions maintained by that Party pursuant to Article 1207.

2. Each entry sets out the following elements:

   (a) **Sector** refers to the general sector in which the quantitative restriction is maintained;

   (b) **Sub-Sector** refers to the specific sector in which the quantitative restriction is maintained;

   (c) **Industry Classification** refers, where applicable, to the activity covered by the quantitative restriction according to domestic industry classification codes;

   (d) **Level of Government** indicates the level of government maintaining the quantitative restriction;

   (e) **Measures** identifies the measures under which the quantitative restriction is maintained; and

   (f) **Description** sets out the scope of the sector, sub-sector or activities covered by the quantitative restriction.

3. For purposes of this Annex:

   **CMAP** means Clasificación Mexicana de Actividades y Productos (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

   **CPC** means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and
Annex V

SIC means:

(a) with respect to Canada, Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and

Annex V
Schedule of Canada

Sector: Communications
Sub-Sector: Postal Services
Industry Classification: SIC 4841  Postal Service Industry
Level of Government: Federal
Measures: *Canada Post Corporation Act*, R.S.C. c. C-10

*Letter Definition Regulations*, SOR/83-481

Description: Canada Post Corporation has the exclusive privilege to collect, transmit and deliver "letters", as defined in the *Letter Definition Regulations*, addressed in Canada, and its consent is required for other persons to sell stamps.
Annex V - Canada

Sector: Communications

Sub-Sector: Radiocommunications

Industry Classification: CPC 752 Telecommunications

Level of Government: Federal


Description: A person that proposes to operate a private radio transmission system must obtain a license from the Department of Communications. The issuance of such a license is subject to spectrum availability and policies regarding its use. In general, priority is given to the use of the spectrum for the purpose of developing non-private networks.
Sector: Energy
Sub-Sector: Electricity Transmission
Industry Classification: SIC 4911 Electric Power Systems Industry
Level of Government: Federal
Description: The approval of the National Energy Board is required for the construction and operation of international electricity transmission lines.
Annex V - Canada

Sector: Energy
Sub-Sector: Oil and Gas Transportation
Industry Classification: SIC 461 Pipeline Transport Industry
Level of Government: Federal
Description: The approval of the National Energy Board (NEB) is required for the construction and operation of all interprovincial or international pipelines for the transmission of oil or gas. A public hearing must be held and a certificate of public convenience and necessity issued where the pipeline in question is longer than 40 kilometers. Pipelines shorter than 40 kilometers may be authorized by an order without a public hearing. All modifications to and extensions of pipelines must be approved by the NEB.

All tolls for the transmission of oil and gas on NEB-regulated pipelines and all tariff matters must be filed with or approved by the NEB. A public hearing may be held to consider toll and tariff matters.

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Sector: Food, Beverage and Drug Industries
Sub-Sector: Liquor, Wine and Beer Stores
Industry Classification:
   6021 Liquor Stores
   6022 Wine Stores
   6023 Beer Stores
Level of Government: Federal
Description: The *Importation of Intoxicating Liquors Act* gives each provincial government an import monopoly on any intoxicating liquors entering its territory.
Annex V - Canada

Sector: Transportation
Sub-Sector: Land Transportation
Industry Classification: SIC 457 Public Passenger Transit Systems
Level of Government: Federal (administration delegated to provinces)
Description: Provincial transport boards have been delegated the authority to permit persons to provide extra-provincial (inter-provincial and cross-border) bus services in their respective provinces on the same basis as local bus services. All provinces, except New Brunswick, Prince Edward Island and Yukon, permit the provision of local and extra-provincial bus services on the basis of a public convenience and necessity test.
Annex V
Schedule of Mexico

Sector: Communications
Sub-Sector: Telecommunications
Industry Classification: CMAP 720006 Other Telecommunications Services (limited to private networks)
Level of Government: Federal
Measures: Ley de Vías Generales de Comunicación, Libro I, Capítulo III
Reglamento de Telecomunicaciones, Capítulo II, Capítulo IV
Description: Resale of circuit capacity of a private network may not exceed 30 percent of such capacity.
Sector: Private Educational Services

Sub-Sector:

Industry Classification:
- CMAP 921101: Private Preschool Educational Services
- CMAP 921102: Private Primary School Educational Services
- CMAP 921103: Private Secondary School Educational Services
- CMAP 921104: Private Middle High (Preparatory) School Educational Services
- CMAP 921105: Private Higher School Educational Services
- CMAP 921106: Private Educational Services that combine Preschool, Primary, Secondary, Middle High and Higher School Instruction

Level of Government: Federal and State

Measures:
- Constitución Política de los Estados Unidos Mexicanos, Artículos 3, 5
- Ley Federal de Educación Capítulos I, II, III y IV
- Ley para la Coordinación de la Educación Superior, Capítulos I y II
- Ley Reglamentaria del Artículo 5o. Constitucional relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulos I, III, Secciones I, III
- Reglamento de la Ley Reglamentaria del Artículo 5o. Constitucional relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulo V

Description: For the provision of primary, secondary, "normal" or worker or peasant educational services, prior and express authorization granted by the Secretaría de Educación Pública or the state competent authority is required. Such authorization is granted or
canceled on a case-by-case basis in accordance with public convenience and necessity, at the discretion of the Secretaría de Educación Pública or the state competent authority.

No legal remedy is available under Mexican law for the denial or revocation of such authorization.
Sector: Transportation
Sub-Sector: Land Transportation
Industry Classification:
- CMAP 973103 Vehicle Parking Services (parking and garage services)
- CMAP 973104 Weight Scale Services for Transportation
- CMAP 973105 Towing Services for Vehicles
- CMAP 973106 Other Services Related to Land Transportation (not mentioned in CMAP 9731, 7112 and 7113)
Level of Government: Federal
Measures: 
- 
Ley de Vías Generales de Comunicación
Description: A permit issued by the Secretaría de Comunicaciones y Transportes is required to provide services related to land transportation.
Annex V
Schedule of United States

Sector: Communications

Sub-Sector: Telecommunications (Radiocommunications)

Industry Classification: CPC 752 Telecommunications Services

Level of Government: Federal


Description: Any person wishing to engage in communications by radio within the United States and between the United States and points outside the United States must obtain a license from the Federal Communications Commission (FCC) for the use, but not the ownership, of all channels of radiocommunications. Such a license shall not be construed to create any right beyond the terms, conditions and periods of the license.

The Communications Act of 1934 requires the FCC, in granting radio station licenses, to determine if such a license would serve the public interest, convenience and necessity and empowers the FCC to impose conditions pursuant to this determination. The FCC must deny applications for radio licenses where it is unable to find that such grant would serve the public interest, convenience and necessity.
Sector: Communication:

Sub-Sector: Cable Television Services

Industry Classification: CPC 753 Radio and Television Cable Services

Level of Government: Federal

Measures:

Communications Act of 1934, 47 U.S.C. §§ 151 et seq.

Federal Communications Commission Rules, §§ 76.501, 74.931(e)(5), 63.54 and 21.912


47 C.F.R. §§ 76.501, 74.931(e)(5), 63.54 and 21.912

Description:

A cable television system is not allowed to carry any television broadcast signal if the cable system owns, operates, controls or has an interest in a television broadcast station whose Grade B contour overlaps the service area of such cable system (§ 76.501(a)).

A cable television system may directly or indirectly own, operate, control or have an interest in a national television network, such as ABC, CBS or NBC, only if such system does not pass more than:

(a) 10 percent of homes passed on a nationwide basis when aggregated with all other cable systems in which the network holds such a cognizable interest; and

(b) 50 percent of homes passed within any one Arbitron Area of Dominant Influence (ADI), except that a cable television system facing a competing system will not be
Annex V - United States

counted toward this 50 percent limit (§ 76.501(b)).

A cable television company may not lease excess transmission time or capacity from a licensee of an Instructional Television Fixed Service (ITFS) station (television services intended for use in educational institutions) if the ITFS station is located within 20 miles of that cable television company’s franchise area (§ 74.931(e)(5)).

A telephone common carrier may not engage in the provision (for example, ownership, control or production) of video programming directly to the viewing public in its telephone service area, but may distribute such programming on a common carrier basis and may only have up to a five percent non-controlling financial interest in video programmers (§ 63.54(a) and (e)).

A telephone common carrier may not provide channels of communications or pole line conduit space, or other rental arrangements to any entity that is directly or indirectly owned, operated or controlled by, or under common control with, such telephone common carrier, where such facilities or arrangements are to be used for, or in connection with, the provision of video programming to the viewing public in the telephone service area of the telephone common carrier (§ 63.54(b)).

A telephone common carrier may not acquire cable facilities in its service area and use those facilities to provide video dialtone services or to engage in activities related to the provision of video programming directly to subscribers (§ 63.54(d)(3)).

In cable television franchise areas served by a single cable operator, that operator may not be authorized to use frequencies assigned to the Multichannel Multipoint Distribution Service (MMDS) (the 2150-2165 MHz and 2596-2644 MHz bands), if a

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portion of an MMDS station's protected service area lies within that cable television operator's franchise area (§ 21.912).

A cable operator may not hold a license for multichannel multipoint distribution or satellite master antenna television service, apart from the franchised service, in the same area in which it holds a cable system franchise (The Cable Television Consumer Protection and Competition Act of 1992 ("1992 Cable Act"), section 11).

A cable operator may not set or otherwise transfer its ownership in a cable system within three years following the acquisition or initial construction of such system (1992 Cable Act, section 13).
Sector: Energy
Sub-Sector: Natural Gas Transportation
Industry Classification:
- SIC 4922  Natural Gas Transmission
- SIC 4923  Natural Gas Transmission and Distribution
- SIC 4924  Natural Gas Distribution
Measures:
- 18 C.F.R. § 157
Description:
A natural gas company, or a person that will be a natural gas company upon completion of proposed construction or extension of transportation facilities, is required to obtain a certificate of public convenience and necessity to construct, extend, acquire or operate such facilities. In addition, a certificate is required to transport or sell for resale natural gas in interstate commerce.

The Federal Energy Regulatory Commission (FERC) is required to hold hearings on applications for permanent certificates and to give interested persons notice of such hearings. Notices of applications are published in the Federal Register.

The FERC does not require a certificate of public convenience and necessity for certain replacement construction, maintenance, emergency facilities, auxiliary installations and certain types of taps.

Natural gas services for drilling oil wells or for testing or purging new natural gas pipeline facilities are exempt from the certificate requirement.

Certain "emergency" sales, transportation or exchanges are exempt from the certificate requirement. Where a certificate is required, the FERC may grant a temporary certificate for sale or transportation in emergency circumstances, pending the determination on a permanent certificate.
Sector: Postal Services

Sub-Sector: 

Industry Classification: SIC 4311 United States Postal Service

Level of Government: Federal


18 U.S.C. § 1693

39 C.F.R. §§ 310 and 320

Description: The U.S. Postal Service is generally authorized to "receive, transmit, and deliver throughout the United States, its territories and possessions . . . written and printed matter, parcels and like materials." The Postal Service also has the exclusive authority to "provide and sell postage stamps."

A carrier other than the U.S. Postal Service may carry letters if, among other things, each letter is enclosed in an envelope, proper postage has been paid in stamps, the stamp is canceled by the sender and the carrier endorses the envelope.

The postal regulations define "letters" to exclude telegrams, books and magazines, and other materials. The regulations also permit letters to be carried accompanying cargo, by the sender, by others without compensation and by special messengers. The Postal Service has suspended its regulations with respect to private "express mail" services.
Sector: Recreation

Sub-Sector: National Parks Concessions

Industry Classification: SIC 7999 Amusement and Recreation Services, Not Elsewhere Classified

Level of Government: Federal

Measures: 16 U.S.C. §§ 20 and 20a

Description: A concession is required to operate hotels, restaurants, gift shops, snack bars, equipment rentals, horseback riding services, guide services, fishing guide services, mountain climbing services, bus transportation and other services in U.S. national parks. The National Park Service regulates all aspects of these services, including building specifications, rates for the services, and hours of operation.

The National Park Service awards concessions only where they are determined to be "necessary and appropriate". In developing its plans for the operation of a national park, the Park Service determines what operations, including concessions, are "necessary and appropriate". As a result of this determination, the Park Service may determine that a given concession is not needed.
ANNEX VI

MISCELLANEOUS COMMITMENTS
Annex VI

1. The Schedule of a Party sets out the commitments to liberalize non-discriminatory measures undertaken by that Party pursuant to Article 1208.

2. Each commitment sets out the following elements:

   (a) **Sector** refers to the general sector in which the commitment to liberalize is undertaken;

   (b) **Sub-Sector** refers to the specific sector in which the commitment to liberalize is undertaken;

   (c) **Industry Classification** refers, where applicable, to the activity covered by the non-discriminatory measure to be liberalized according to domestic industry classification codes;

   (d) **Level of Government** indicates the level of government maintaining the non-discriminatory measure to be liberalized;

   (e) **Measures** identifies the non-discriminatory measures to be liberalized; and

   (f) **Description** sets out the commitment undertaken by the Party to liberalize a non-discriminatory measure.

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

4. For purposes of this Annex:

   **CMAP** means Clasificación Mexicana de Actividades y Productos (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

   **CPC** means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and
SIC means:

(a) with respect to Canada, Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and

Annex VI
Schedule of Canada

Sector: Professional Services
Sub-Sector: Lawyers
Industry Classification: SIC 7761  Offices of Lawyers and Notaries
Level of Government: Provincial
Measures:
  British Columbia: Legal Profession Act, S.B.C. 1987, c. 25
  Ontario: Law Society Act, R.S.O. 1990, c. L-8
  Saskatchewan: Legal Profession Act, S.Sask. 1990, c. L-10.1

Description: Lawyers authorized to practice in Mexico or the United States and law firms headquartered in Mexico or the United States will be permitted to provide foreign legal consultancy services, and to establish for that purpose, in British Columbia, Ontario and Saskatchewan, and in any other province that so permits by the date of entry into force of this Agreement.
Annex VI
Schedule of Mexico

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<td></td>
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</tr>
<tr>
<td>Description:</td>
<td>Cross-Border Services</td>
</tr>
</tbody>
</table>

A "distributor" of films produced outside of Mexico is required to provide to the Cineteca Nacional no more than one copy of two film titles for each five film titles imported by the distributor into Mexico.
Sector: Professional, Technical and Specialized Services

Sub-Sector: Professional Services

Industry Classification: CMAP 951002 Legal Services (limited to foreign legal consultancy)

Level of Government: Federal and State

Measures:

1. Mexico will ensure that:

   (a) a lawyer authorized to practice in a province of Canada or a state of the United States who seeks to practice as a foreign legal consultant in Mexico will be granted a license to do so if lawyers licensed in Mexico are accorded equivalent treatment in such province or state; and

   (b) a law firm headquartered in a province of Canada or a state of the United States that seeks to establish in Mexico to provide legal services through licensed foreign legal consultants will be authorized to do so if law firms headquartered in Mexico are accorded equivalent treatment in such province or state.

2. Mexico will, pursuant to paragraph 1(a), deny benefits to foreign lawyers employed by or associated with foreign legal consultancy firms established in Mexico, pursuant to paragraph 1(b), if such lawyers are not authorized to practice in a province of Canada or a state of the United States that authorizes lawyers licensed in Mexico to practice as foreign legal consultants in its territory.

3. Subject to paragraphs 1 and 2, Mexico will adopt measures regarding the practice of foreign legal consultants in the territory of Mexico, including matters related to association with and hiring of lawyers licensed in Mexico.
Annex VI - Mexico

Sector: Transportation

Sub-Sector: Land Transportation

Industry Classification:
- CMAP 711201 Road Transport Services for Construction Materials
- CMAP 711202 Road Transport Moving Services
- CMAP 711203 Other Services of Specialized Cargo Transportation
- CMAP 711204 General Trucking Services
- CMAP 711311 Inter-City Busing Services
- CMAP 711318 School and Tourist Transportation Services (limited to tourist transportation services)

Measures:

Description: An enterprise authorized in Mexico to provide bus or truck transportation services may use equipment of its own, leased vehicles with an option to purchase (financial leasing), leased vehicles (operational leasing), or short-term rental vehicles.

Federal measures will be established in relation to leasing and rental operations.
Annex VI
Schedule of United States

Sector: Communications
Sub-Sector: Broadcasting
Industry Classification: CPC 7524 Program Transmission Services
Level of Government: Federal


Description:

The United States will ensure that in considering applications for a grant of authority to transmit programming to foreign stations for retransmission into the United States under section 325 of the Communications Act of 1934 ("the Act"), the Federal Communications Commission (FCC) will not consider the nationality of the affected stations for the purpose of favoring a U.S. station that is competing with a Mexican station for affiliation with a U.S. programmer. Rather, the FCC will apply the criteria for the grant of such a permit in the same manner as they would be applied to a domestic broadcast station application under section 309 of the Act.

In addition, the term of the section 325 permit shall be extended from one year to five years in all situations where it can be assured that the retransmitting station is and will be in full compliance with applicable treaties. In assessing the public interest, convenience and necessity required by the Act for the grant of authorization under section 325, the primary criterion will be avoiding the creation or maintenance of electrical interference to U.S. broadcast stations that violates applicable treaty provisions. In evaluating this and any other criterion permitted under section 309, the United States will ensure that the section 325 process is not conducted in a manner that would constitute an unnecessary restriction on trade.
Annex VI - United States
Sector: Professional Services
Sub-Sector: Legal Services
Industry Classification: SIC 8111 Legal Services
Level of Government: State
Measures:

Alaska Bar R. 44.1
California R. Ct. 988
Connecticut Pract. Book § 24A
D.C. Ct. App. R. 46(c)(4) (Washington, D.C.)

Rules Regulating the Florida Bar, Chapter 16, as adopted in Amendment to Rules Regulating the Florida Bar, ___ Fla. L. Weekly __, 1992 Fla. LEXIS 1398 (Case No. 79,288, decided on July 23, 1992)

Rules and Regulations of the State Bar of Georgia, Part II, Rule 2-101, Part D
Hawaii Sup. Ct. R. 14
Michigan Bd. of Law Examiners R. 5(E)
New Jersey Sup. Ct. R. 1:21-9
New York Admin. Code tit. 22, Section 521
Ohio Sup. Ct. R. for the Government of the Bar XI
Rules Regulating Admission to Practice Law in Oregon, Chapter 10

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Texas R. Governing Admission to the Bar of Texas XVI

Wash. R. of Ct. 14

Description:

Lawyers authorized to practice in Canada or Mexico and law firms headquartered in Canada or Mexico will be permitted to provide foreign legal consultancy services, and to establish for that purpose, in Alaska, California, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Michigan, New Jersey, New York, Ohio, Oregon, Texas and Washington, or in any other state that so permits by the date of entry into force of this Agreement.
ANNEX VII
RESERVATIONS, SPECIFIC COMMITMENTS AND OTHER ITEMS
Annex VII

1. Section A of the Schedule of a Party sets out the reservations taken by that Party, pursuant to Article 1409(1) (Financial Services), with respect to existing measures that do not conform with obligations imposed by:

(a) Article 1403 (Establishment of Financial Institutions);
(b) Article 1404 (Cross-Border Trade);
(c) Article 1405 (National Treatment);
(d) Article 1406 (Most-Favored-Nation Treatment);
(e) Article 1407 (New Financial Services and Data Processing); or
(f) Article 1408 (Senior Management and Boards of Directors).

2. Each reservation in Section A sets out the following elements:

(a) **Sector** refers to the general sector in which the reservation is taken;
(b) **Sub-Sector** refers to the specific sector in which the reservation is taken;
(c) **Industry Classification** refers, where applicable, 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 for which the reservation is taken;
(e) **Level of Government** indicates the level of government maintaining the measure for which the reservation is taken;
(f) **Measures** identifies the laws, regulations or other measures, as qualified by the **Description** element, for which the reservation is taken. A measure cited in the **Measures** element

(i) means the measure as amended, continued or renewed as of the date of entry into force of this Agreement, and

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;
Annex VII

(g) Description sets out references, if any, for liberalization on the date of entry into force of this Agreement pursuant to other sections of a Party’s Schedule to this Annex, and the remaining non-conforming aspects of the existing measures for which the reservation is taken; and

(h) Phase-Out sets 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 the Chapter against which the reservation is taken. To the extent that:

(a) the Phase-Out element provides for the phasing out of the non-conforming aspects of measures, the Phase-Out element shall prevail over all other elements;

(b) the Measures element is qualified by a specific reference in the Description element, the Measures element as so qualified shall prevail over all other elements; and

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

4. Section B of the Schedule of a Party sets out reservations taken by the Party, pursuant to Article 1409(2), for measures the Party may adopt or maintain that do not conform with obligations imposed by Article 1403, 1404, 1405, 1406, 1407 or 1408.

5. Section C of the Schedule of a Party sets out the commitments to liberalize measures undertaken by that Party pursuant to Article 1409(3).

6. For purposes of this Annex:

CMAP means Clasificación Mexicana de Actividades y Productos (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, Clasificación Mexicana de Actividades y Productos, 1988;
CPC means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and

SIC means:

(a) with respect to Canada, Standard Industrial Classification (SIC) number as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and

Annex VII
Schedule of Canada
Section A

Sector: Financial Services
Sub-Sector: Insurance

Type of Reservation: Article 1404 (Cross-Border Trade)

Level of Government: Federal

Measures:


- *Reinsurance (Canadian Companies) Regulations, SOR/92-298*

- *Reinsurance (Foreign Companies) Regulations, SOR/92-596*

Description: The purchase of reinsurance services by a Canadian insurer, other than a life insurer or a reinsurer, from a non-resident reinsurer is limited to no more than 25 percent of the risks undertaken by the insurer purchasing the reinsurance.

Phase-Out: None
Section B

1. Canada reserves the right to adopt any measure relating to cross-border trade in securities services that derogates from Article 1404(1) or, with respect to the United States, that derogates from Article 1406.

2. For purposes of restrictions that limit foreign ownership of Canadian-controlled financial institutions, and for purposes of restrictions on total domestic assets of foreign bank subsidiaries in Canada, Canada reserves the right to adopt or maintain measures that require an enterprise of another Party be controlled by one or more residents of the other Party in order to be entitled to the benefits of this Chapter. For these purposes:

   (a) an enterprise controlled by one or more residents of another Party means controlled, directly or indirectly, by such residents;

   (b) an enterprise that is a body corporate is controlled by one or more persons if

      (i) securities of the enterprise to which are attached more than 50 percent of the votes that may be cast to elect directors of the enterprise are beneficially owned by the person or persons and the votes attached to those shares are sufficient, if exercised, to elect a majority of the directors of the enterprise, and

      (ii) the person or persons has or have, directly or indirectly, control in fact of the enterprise;

   (c) an enterprise that is an unincorporated entity is controlled by one or more persons if

      (i) more than 50 percent of ownership interests, however designated, into which the enterprise is divided is beneficially owned by the person or persons and the person or persons is or are able to direct the business and affairs of the enterprise, and

      (ii) the person or persons has or have, directly or indirectly, control in fact of the enterprise;

   (d) a limited partnership is controlled by the general partner;

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(e) ordinarily resident in a country generally means sojourning in that country for a period of, or periods the aggregate of which is, 183 days or more during the relevant year; and

(f) a person ordinarily resident in another Party means

(i) in the case of an enterprise, an enterprise legally constituted or organized under the laws of that Party and controlled, directly or indirectly, by one or more individuals of that Party described in clause (ii), and

(ii) in the case of an individual, an individual who is ordinarily resident in the territory of that Party.
Section C

1. For purposes of restrictions that limit foreign ownership of Canadian-controlled financial institutions and for purposes of limitations on total domestic assets of foreign bank subsidiaries in Canada, Canada shall give to Mexico the same treatment that Canada gives under the Bank Act, the Insurance Companies Act (Canada), the Trust and Loan Companies Act (Canada) and the Investment Companies Act, to United States residents and to institutions controlled by United States residents.

2. Canada shall exempt foreign bank subsidiaries in Canada controlled by Mexican residents from the requirement to obtain approval of the Minister of Finance prior to opening branches within Canada in the same manner as it exempts foreign bank subsidiaries in Canada controlled by United States residents.
Annex VII
Schedule of Mexico
Section A

Sector: Financial Services

Sub-Sector: Holding Companies (Sociedades Controladoras)
Commercial Banks (Instituciones de Crédito)

Industry Classification: Holding Companies (Not applicable)
CMAP 811030 Commercial Banks

Type of Reservation: Establishment of Financial Institutions (Article 1403)
National Treatment (Article 1405)

Level of Government: Federal

Measures: 

*Ley para Regular las Agrupaciones Financieras*, Artículo 18

*Ley de Instituciones de Crédito*, Artículos 11, 15

Description: Aggregate foreign investments in holding companies and in commercial banks are limited to 30 percent of common stock capital ("capital ordinario"). These percentage limits do not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under, Sections B and C of this Schedule.

Phase-Out: None

VII-M-1
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Financial Services</th>
</tr>
</thead>
</table>
| Sub-Sector: | Securities Firms (Casas de Bolsa)  
  Securities Specialists (Especialistas Bursátiles) |
| Industry Classification: | CMAP 812001  
  Securities Firms  
  Securities Specialists (Not Applicable) |
| Type of Reservation: | Establishment of Financial Institutions (Article 1403)  
  National Treatment (Article 1405) |
| Level of Government: | Federal |
| Measures: | *Ley del Mercado de Valores, Artículo 17-II* |
| Description: | Aggregate foreign investments in securities firms and securities specialists are limited to 30 percent of capital ("capital social") and individual foreign investments are limited to 10 percent of capital, while individual investments by Mexicans may, with approval from the *Secretaría de Hacienda y Crédito Público*, rise to 15 percent of capital. These percentage limits do not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under, Sections B and C of this Schedule. |
| Phase-Out: | None |
Sector: Financial Services

Sub-Sector:
General Deposit Warehouses (Almacenes Generales de Depósito)
Financial Leasing Companies (Arrendadoras Financieras)
Financial Factoring Companies (Empresas de Factoraje Financiero)
Bonding Companies (Instituciones de Fianzas)

Industry Classification:
CMAP 811042 General Deposit Warehouses
CMAP 811043 Financial Leasing Companies
CMAP 811043 Financial Factoring Companies
CMAP 813001 Bonding Companies
(Not Applicable)

Type of Reservation:
Establishment of Financial Institutions (Article 1403)
National Treatment (Article 1405)

Level of Government:
Federal

Measures:
Ley General de Organizaciones y Actividades Auxiliares del Crédito, Artículo 8-III-1

Ley Federal de Instituciones de Fianzas, Artículo 15-XIII

Description:
Aggregate foreign investments in general deposit warehouses, financial leasing companies, financial factoring companies and bonding companies must be less than 50 percent of paid-in capital ("capital pagado"). These percentage limits do not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under, Section B of this Schedule.

Phase-Out: None
Annex VII(A) - Mexico

Sector: Financial Services

Sub-Sector:
- Credit Unions (Uniones de Crédito)
- Financial Agents (Comisionistas Financieros)
- Foreign Exchange Firms (Casas de Cambio)

Industry Classification:
- CMAP 811041 Credit Unions
- CMAP 811044 Financial Agents (Not Applicable)
- Foreign Exchange Firms

Type of Reservation:
- Establishment of Financial Institutions (Article 1403)
- National Treatment (Article 1405)

Level of Government: Federal

Measures:
- Ley General de Organizaciones y Actividades Auxiliares del Crédito, Artículos 8-III-1, 82-III
- Ley de Instituciones de Crédito, Artículo 92
- Reglas de la Secretaría de Hacienda y Crédito Público

Description:
Foreign investments in credit unions, financial agents and foreign exchange firms are not allowed. This limitation does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under, Section B of this Schedule.

Phase-Out: None
Sub-Sector: Development Banks (Bancos de Desarrollo)

Industry Classification: CMAP 811021 Development Banks

Type of Reservation: Establishment of Financial Institutions (Article 1403) National Treatment (Article 1405)

Level of Government: Federal

Measures: Ley de Instituciones de Crédito, Artículo 33

Description: Foreign investments in development banks are not allowed.

Phase-Out: None

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Sector: Financial Services

Sub-Sector: Insurance Companies (Instituciones de Seguros)

Industry Classification: CMAP 813002 Insurance Companies

Type of Reservation: Establishment of Financial Institutions (Article 1403) National Treatment (Article 1405)

Level of Government: Federal

Measures: 

*Ley General de Instituciones y Sociedades Mutuales de Seguros, Artículo 29-I*

Description: Aggregate foreign investments in insurance companies must be less than 50 percent of paid-in capital ("capital pagado"). This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in Sections B and C of this Schedule, or in insurance companies, in both cases subject to terms and conditions under Sections B and C of this Schedule.

Phase-Out: None
Financial Services

Holding Companies (Sociedades Controladoras)
Securities Firms (Casas de Bolsa)
Securities Specialists (Especialistas Bursátiles)
General Deposit Warehouses (Almacenes Generales de Depósito)
Financial Leasing Companies (Arrendadoras Financieras)
Financial Factoring Companies (Empresas de Factoraje Financiero)
Savings and Loan Companies (Sociedades de Ahorro y Préstamo)
Managing Companies of Investment Companies (Sociedades Operadoras de Sociedades de Inversión)
Investment Companies (Sociedades de Inversión)
Bonding Companies (Instituciones de Fianzas)
Insurance Companies (Instituciones de Seguros)

Industry Classification:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMAP 812001</td>
<td>Securities Firms</td>
</tr>
<tr>
<td>CMAP 811042</td>
<td>General Deposit Warehouses</td>
</tr>
<tr>
<td>CMAP 811043</td>
<td>Financial Leasing Companies</td>
</tr>
<tr>
<td></td>
<td>Financial Factoring Companies (Not Applicable)</td>
</tr>
<tr>
<td></td>
<td>Saving and Loans Companies (Not Applicable)</td>
</tr>
<tr>
<td>CMAP 812003</td>
<td>Managing Companies of Investment Companies</td>
</tr>
<tr>
<td>CMAP 812002</td>
<td>Investment Companies</td>
</tr>
<tr>
<td>CMAP 813001</td>
<td>Bonding Companies</td>
</tr>
<tr>
<td>CMAP 813002</td>
<td>Insurance Companies</td>
</tr>
</tbody>
</table>

Type of Reservation:

Establishment of Financial Institutions (Article 1403)
National Treatment (Article 1405)

Level of Government:

Federal
Annex VII(A) - Mexico

Measures:

Ley para Regular las Agrupaciones Financieras,
Artículo 18

Ley del Mercado de Valores, Artículo 17-II

Ley General de Organizaciones y Actividades
Auxiliaries del Crédito, Artículos 8-III-1, 38-G

Ley de Sociedades de Inversión, Artículos 9-III, 29-VI

Ley Federal de Instituciones de Fianzas, Artículo 15-
XIII

Ley General de Instituciones y Sociedades Mutualistas
de Seguros, Artículo 29-I

Description:

Foreign governments and foreign state enterprises may not invest, directly or indirectly, in holding companies, securities firms, securities specialists, general deposit warehouses, financial leasing companies, financial factoring companies, savings and loan companies, managing companies of investment companies, investment companies, bonding companies or insurance companies.

Phase-Out:

None
Sector: Financial Services
Sub-Sector: Commercial Banks (Instituciones de Crédito)
Industry Classification: CMAP 811030 Commercial Banks
Type of Reservation: Establishment of Financial Institutions (Article 1403)
                       National Treatment (Article 1405)
Level of Government: Federal
Measures: 

        Ley de Instituciones de Crédito, Artículo 15
Description: Foreign entities that exercise governmental functions may not invest, directly or indirectly, in commercial banks.
Phase-Out: None
Annex VII(A) - Mexico

Sector: Financial Services
Sub-Sector: Insurance
Industry Classification: CMAP 813002 Insurance
Type of Reservation: Cross-Border Trade (Article 1404) National Treatment (Article 1405)
Level of Government: Federal

Measures: 

Ley General de Instituciones y Sociedades Mutualistas de Seguros, Artículo 3

Description:

Mexico reserves its existing prohibitions and restrictions on cross-border trade in insurance services, which do not now include restrictions on the right of individuals to purchase, by physical mobility, life and health insurance. Mexico is not reserving its present restrictions with respect to the ability of residents of Mexico to purchase from cross-border insurance providers of another Party the following types of insurance:

(a) tourist insurance (including travel accident and motor vehicle insurance for non-resident tourists, but not insurance of risks of liability to third parties) for individuals, purchased without solicitation via physical mobility of such individuals;

(b) (i) cargo insurance to and from each Party, purchased without solicitation, for goods in international transit from point of origin to final destination, and

(ii) insurance purchased without solicitation for a vehicle during the period of its use in transportation of cargo (other than insurance of risks of liabilities to third parties), provided such vehicle is

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Annex VII(A) - Mexico

licensed and registered outside Mexico (including vehicles in maritime shipping, commercial aviation, space launching and freight (including satellites)); and

(c) intermediary services incidental to subparagraphs (a) and (b) purchased without solicitation.

For greater clarity, this reservation does not apply to reinsurance.

Phase-Out:

None
Sector: Financial Services
Sub-Sector: Banking
Industry Classification: CMAP 811021 Development Banks
CMAP 811030 Commercial Banks
Type of Reservation: Establishment of Financial Institutions (Article 1403)
Cross-Border Trade (Article 1404)
National Treatment (Article 1405)
Level of Government: Federal
Measures:
Ley Orgánica de Nacional Financiera, Artículo 7
Ley Orgánica del Banco Nacional del Ejército, la Fuerza Aérea y la Armada
Description: The following activities are reserved solely to Mexican development banks:
(a) acting as custodians of securities and cash funds deposited by or in the administrative or judiciary authorities, and acting as custodian of goods that have been seized according to Mexican measures; and
(b) managing the savings funds, retirement plans and any other funds or property of the personnel of the Secretaría de la Defensa Nacional, Secretaría de Marina and the Mexican armed forces, and performing other financial activities pertaining to the financial resources of such personnel.
Phase-Out: None
Section B

Establishment and Operation of Financial Institutions

Type of Reservation: Establishment of Financial Institutions (Article 1403)
National Treatment (Article 1405)

1. The provisions of paragraphs 2 through 10 of this Section shall apply during the transition period, except as otherwise specifically provided in paragraphs 9 and 10 of this Section.

2. For the types of financial institutions listed in the chart in this paragraph, the maximum capital to be authorized by Mexico for a foreign financial affiliate, measured as a percentage of the aggregate capital of all financial institutions of the same type in Mexico, shall not exceed the percentage set forth in the chart in this paragraph:

<table>
<thead>
<tr>
<th>Type of Financial Institution</th>
<th>Maximum Individual Capital to Be Authorized (Percentage of the Aggregate Capital of All Institutions of the Same Type)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>1.5%</td>
</tr>
<tr>
<td>Securities Firms</td>
<td>4.0%</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td></td>
</tr>
<tr>
<td>Casualty</td>
<td>1.5%</td>
</tr>
<tr>
<td>Life and Health</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

In the case of an acquisition by an investor of another Party of a financial institution established in Mexico, the sum of the authorized capital of the acquired institution and the authorized capital of any foreign financial affiliate already controlled by the acquiree may not, at the time of acquisition or at any time thereafter during the transition period, exceed the applicable limit set forth in the chart in this paragraph.

This paragraph will not apply to new or existing Mexican insurance companies invested in by insurance investors of another Party (or their affiliates) pursuant to paragraph 7 of this Section or paragraph 4 of Section C of this Schedule.
3. For purposes of the proper administration of the capital limits in this Section, the following provisions shall apply:

(a) Each foreign financial affiliate shall have an authorized capital determined by Mexico, and the paid-in capital of such an institution shall not be less than that authorized at the time of approval of its establishment. After the time of establishment, Mexico may permit authorized capital to exceed paid-in capital. Authorized capital shall not be reduced by any measure of Mexico (other than prudential measures) below paid-in capital. The maximum size of the operations of each foreign financial affiliate shall be determined, on a national treatment basis, as a function of the lesser of its capital or its authorized capital.

(b) Mexico reserves the right to impose limitations on transfers of assets or liabilities by foreign financial affiliates that have the effect of evading the capital limits set forth in this Schedule. This subparagraph does not apply to bona fide transfers of funds to make overnight deposits or bona fide transfers of banking liabilities.

4. No foreign financial affiliate may issue subordinated debentures, other than to the investor of another Party that owns and controls the affiliate.

5. The aggregate of the authorized capital of all foreign financial affiliates of the same type, measured as a percentage of the aggregate capital of all financial institutions of such type in Mexico, shall not exceed the percentage set forth in the chart in this paragraph for that type of institution, except for insurance companies as set out in paragraph 6 of this Section. Beginning one year after the date of entry into force of this Agreement, these initial limits shall increase annually in equal increments so as to reach the final limits specified in the chart in this paragraph at the beginning of the last year of the transition period:

<table>
<thead>
<tr>
<th>Type of Financial Institution</th>
<th>Percentage of Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initial Limit</td>
</tr>
<tr>
<td>Commercial banks</td>
<td>8%</td>
</tr>
<tr>
<td>Securities firms</td>
<td>10%</td>
</tr>
<tr>
<td>Factoring companies</td>
<td>10%</td>
</tr>
<tr>
<td>Leasing companies</td>
<td>10%</td>
</tr>
</tbody>
</table>
Any capital in existence as of the date of signature of this Agreement of a foreign bank branch established in Mexico prior to such date shall be excluded from each of the aggregate capital limits referred to in this Schedule.

6. The aggregate of the authorized capital of all foreign insurance affiliates, measured as a percentage of the aggregate capital of all insurance companies in Mexico, shall not exceed the percentage set forth in the chart in this paragraph for the respective one-year periods beginning on each of the following dates:

<table>
<thead>
<tr>
<th>Date</th>
<th>Percentage of Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 1994</td>
<td>6%</td>
</tr>
<tr>
<td>January 1, 1995</td>
<td>8%</td>
</tr>
<tr>
<td>January 1, 1996</td>
<td>9%</td>
</tr>
<tr>
<td>January 1, 1997</td>
<td>10%</td>
</tr>
<tr>
<td>January 1, 1998</td>
<td>11%</td>
</tr>
<tr>
<td>January 1, 1999</td>
<td>12%</td>
</tr>
</tbody>
</table>

If the date of entry into force of this Agreement occurs on a date prior to January 1, 1994, that date shall become the initial date for purposes of this chart, and each succeeding anniversary of the date of entry into force of this Agreement shall become the next succeeding date in this chart, with the percentages listed in this chart applying to each of the respective periods as so adjusted. If the date of entry into force of this Agreement occurs on a date after January 1, 1994, the dates and corresponding limits in this chart shall not be changed.

The individual and aggregate capital limits described in paragraphs 2 and 6 of this Section shall be measured separately (through separate accounting) for life and non-life insurance operations, but both types of insurance operations may be conducted either by a single or separate foreign financial affiliates.

7. An insurance investor of another Party may elect an alternative procedure for investment in Mexico through phasing-in an equity interest in a new or existing Mexican insurance company, and thereby exempt such Mexican company from the capital limits in paragraphs 2 and 6 of this Section. In order to qualify, the percentage of the Mexican insurance company's common voting stock that is owned by Mexican persons must not be less than the levels set forth in the chart in this paragraph for the respective one-year periods beginning on each of the following dates:
<table>
<thead>
<tr>
<th>Date</th>
<th>Mexican Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 1994</td>
<td>70%</td>
</tr>
<tr>
<td>January 1, 1995</td>
<td>65%</td>
</tr>
<tr>
<td>January 1, 1996</td>
<td>60%</td>
</tr>
<tr>
<td>January 1, 1997</td>
<td>55%</td>
</tr>
<tr>
<td>January 1, 1998</td>
<td>49%</td>
</tr>
<tr>
<td>January 1, 1999</td>
<td>25%</td>
</tr>
</tbody>
</table>

If the date of entry into force of this Agreement occurs on a date prior to January 1, 1994, that date shall become the initial date for purposes of this chart, and each succeeding anniversary of the date of entry into force of this Agreement shall become the next succeeding date in this chart, with the percentages listed in this chart applying to each of the respective periods as adjusted. If the date of entry into force of this Agreement occurs on a date after January 1, 1994, the dates and corresponding limits in this chart shall nonetheless not be changed.

On and after January 1, 2000 (or, if the date of entry into force of this Agreement occurs on a date prior to January 1, 1994, on and after the sixth anniversary of such date), the percentage requirement of Mexican ownership set forth in this paragraph shall no longer apply.

This paragraph is further modified by paragraph 4 of Section C of this Schedule to the extent set forth therein.

8. The aggregate assets of foreign financial affiliates that are limited scope financial institutions within the meaning of paragraph 2 of Section C of this Schedule shall not exceed three percent of the sum of:

(a) the aggregate assets of all commercial banks in Mexico; plus

(b) the aggregate assets of all types of limited scope financial institutions in Mexico.

Lending by affiliates of automobile manufacturing companies with respect to the manufacturers' vehicles shall not be subject to or taken into account in determining compliance with this three percent limit.
9. The limits in paragraphs 2, 5, 6 and 8 of this Section shall be removed at the end of the transition period. If the sum of the authorized capital of foreign financial affiliates, measured as a percentage of the aggregate capital of all financial institutions of such type in Mexico, reaches the percentage set forth in the chart in this paragraph for such type of institutions, then Mexico shall have the right, once during the four years following the end of the transition period, to freeze such aggregate capital percentage at its then-existing level:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial banks</td>
<td>25%</td>
</tr>
<tr>
<td>Securities firms</td>
<td>30%</td>
</tr>
</tbody>
</table>

If applied, such a restriction will have a duration not to exceed a period of three years.

10. Mexico may deny a license to establish a foreign financial affiliate during the transition period (and, in the case of paragraph 9 of this Section, during the additional periods described in that paragraph) if after such issuance the sum of the authorized capital of all foreign financial affiliates of the same type would exceed the applicable percentage limit for that type of institution in paragraph 5, 6, 8 or 9 of this Section.

11. The provisions of paragraphs 12 through 17 of this Section shall apply immediately upon the date of entry into force of this Agreement and at all times thereafter, except as otherwise specifically provided in such paragraphs. Any amendment or modification to a measure adopted or maintained pursuant to paragraphs 12 through 15 of this Section shall not decrease the conformity of the measure, as it existed immediately before such amendment or modification, with Articles 1403 through 1408.

12. Mexico may require that a foreign financial affiliate (other than a foreign insurance affiliate) be wholly-owned by an investor of another Party. Mexico may also restrict any foreign financial affiliate from establishing agencies, branches, or other direct or indirect subsidiaries in the territory of any other country.

13. Following the transition period, acquisition of a commercial bank established in Mexico, or of the assets or liabilities thereof, by an investor of another Party will only be authorized by Mexico, subject to reasonable prudential considerations on a case-by-case basis, if the sum of the capital of the acquired commercial bank and the capital of any foreign commercial bank affiliate already controlled by the acquirer would not exceed four percent of the aggregate capital of all commercial banks in Mexico.
14. Mexico may adopt measures that (a) limit eligibility to establish a foreign financial affiliate in Mexico to an investor of another Party that is, directly or through any of its affiliates, engaged in the same general type of financial services in the territory of the other Party; and (b) limit such investor (together with its affiliates) to no more than one institution of the same type in Mexico. In determining what types of operations an investor of another Party is engaged in for purposes of the preceding sentence, all types of insurance shall be considered to be only one type of financial service; but both life and non-life insurance operations may be conducted either by a single or separate foreign financial affiliates.

**Governmental Insurance Programs**

**Type of Reservation:** Establishment of Financial Institutions (Articles 1403)
Cross-Border Trade (Article 1404)
National Treatment (Article 1405)

15. The activities and operations of the existing Mexican governmental insurance programs conducted by *Aseguradora Mexicana, S.A.* or *Aseguradora Hidalgo, S.A.* (including insurance for government employees, agencies, instrumentalities and public entities) are excluded from Articles 1403, 1404 and 1405 for so long as such firm is controlled by the Government of Mexico and for a commercially reasonable time after such governmental control ceases.

**Cross-Border Trade**

**Type of Reservation:** Cross-Border Trade (Article 1404)

16. In order to avoid impairment of the conduct of Mexico's monetary and exchange rate policies, cross-border financial service providers of another Party shall not be permitted to provide financial services into the territory of Mexico or to residents of Mexico, and residents of Mexico may not purchase financial services from cross-border financial service providers of another Party, if such transactions are denominated in Mexican pesos.
Existing Operations of Foreign Commercial Banks

Type of Reservation: Establishment of Financial Institutions (Article 1403)
National Treatment (Article 1405)
Most-Favored-Nation Treatment (Article 1406)
New Financial Services and Data Processing (Article 1407)
Senior Management and Boards of Directors (Article 1408)

17. The benefits of this Agreement shall not be extended to a foreign bank branch existing in Mexico on the date of entry into force of this Agreement. The existing legal regime will continue to apply to such a branch for so long as it operates in that form. Such a branch shall be permitted to convert to a subsidiary pursuant to the terms of this Schedule, and on conversion shall be covered by this Agreement. In the event of conversion the existing capital of such branch on the date of signature of this Agreement shall not be counted against such foreign commercial bank affiliate's individual capital limit, or the aggregate capital limits for commercial banks.
Section C

Specific Commitments

1. Mexico shall retain discretion to approve, on a case-by-case basis, any affiliation of a commercial bank or securities firm with a commercial or industrial corporation that is established in Mexico, if Mexico determines that such affiliation is harmless and, in the case of banking, either (a) not substantial, or (b) the financial-related activities of the commercial or industrial corporation account for at least 90 percent of its annual income worldwide, and the non-financial activities of such commercial or industrial corporation are of a type that Mexico determines to be acceptable. Affiliation with a non-resident commercial or industrial corporation that is not established in Mexico will not be a reason for denial of an application to establish or acquire a commercial bank or securities firm in Mexico.

2. Non-bank investors of another Party shall be permitted to establish one or more limited scope financial institutions in Mexico to provide separately consumer lending, commercial lending, mortgage lending or credit card services on terms no less favorable than those applied to like domestic firms under Mexican measures. Mexico may permit lending services closely related to the principal authorized business of a limited scope financial institution to be carried out by that institution. Such institutions shall be provided the opportunity to raise funds in the securities market for business operations subject to normal terms and conditions. Mexico may restrict such limited scope financial institutions from taking deposits.

3. Within two years of the date of entry into force of this Agreement, Mexico shall conduct a study of the desirability of and, if desirable, the possible methods of establishing limited scope securities firms which would have more limited powers than current securities firms. Such limited scope securities firms would be subject to differing capital requirements, depending on the type and extent of business conducted, that would permit lower minimum capital requirements than those currently applicable to Mexican securities firms. The basis of the study will be prudential considerations and opportunities for investment in the securities sector. As part of the second annual meeting of the Committee required under Article 1412, Mexico shall report to the other Parties on the outcome of the study, including any plans for the establishment of new categories of securities firms.

4. Notwithstanding paragraph 7 of Section B of this Schedule, an insurance investor of another Party that together with its affiliates had as of July 1, 1992 an active investment or ownership interest of 10 percent or more in a Mexican insurance company that was
specifically approved by Mexico, may: (a) exercise any contract right or option in existence as of July 1, 1992 with respect to ownership interests in such Mexican insurance company; and (b) effective the earlier of January 1, 1996 or two years following the date of entry into force of this Agreement, acquire a controlling interest of up to 100 percent in such Mexican insurance company. Before the effective date described in clause (b) of the preceding sentence, an insurance investor of another Party (together with its affiliates) described in that sentence may exercise any existing contract right or option described in clause (a) of that sentence, and choose to expand its interest in such Mexican insurance company to the extent consistent with paragraph 7 of Section B of this Schedule, or maintain its existing interest. Mexico shall maintain discretion to permit acceleration of the schedule for equity participation in a Mexican insurance company by an insurance investor of another Party described in the first sentence of this paragraph.

5. An investor of another Party that in accordance with Section B is authorized to establish or acquire, and establishes or acquires, a commercial bank or securities firm in Mexico may also establish a financial holding company in Mexico, and thereby establish or acquire other types of financial institutions in Mexico, under the terms of Mexican measures.

6. Mexico shall administer its licensing and approval procedures during the transition period in a manner that does not deny the benefits of the liberalization of existing measures described in its Schedule to enterprises of another Party that are ultimately controlled by nationals of that Party.

**Definitions**

For purposes of Sections B and C of this Schedule:

capital means the following, as defined in Mexican measures, applied on a national treatment basis:

<table>
<thead>
<tr>
<th>Type of Financial Institution</th>
<th>Concept of &quot;Capital&quot;</th>
</tr>
</thead>
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<tr>
<td>commercial banks</td>
<td>capital neto</td>
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<tr>
<td>securities firms</td>
<td>capital global</td>
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</tbody>
</table>

VII-M-21
insurance companies casualty

requerimiento bruto de solvencia (allocation to casualty insurance)

life and health

requerimiento bruto de solvencia (allocation to life and health insurance)

factoring companies leasing companies
capital contable
capital contable;

investor of another Party means an investor of another Party as defined in Article 1403(5);

foreign commercial bank affiliate means a foreign financial affiliate that is a commercial bank;

foreign financial affiliate means a financial institution established in Mexico and owned and controlled by an investor of another Party;

foreign insurance affiliate means a foreign financial affiliate that is an insurance company;

insurance investor of another Party means an investor of another Party that is an insurance company; and

transition period means the period beginning with the date of entry into force of this Agreement and ending on the earlier of January 1, 2000, or six years from the date of entry into force of this Agreement.
Annex VII
Schedule of the United States
Section A

Sector: Financial Services

Sub-Sector: Banking

Industry Classification: SIC 6021 National Commercial Banks

Type of Reservation: Senior Management and Boards of Directors (Article 1408)

Level of Government: Federal


Description: All directors of a national bank must be citizens of the United States. Because the president of a national bank must be a director, the president of a national bank must be a citizen of the United States. An exception exists for a national bank affiliated with or owned by a foreign bank. Such a bank need only have U.S. citizens constitute a simple majority of the board and thus need not employ a U.S. citizen as its president.

Two-thirds of the directors of a national bank must (a) have resided for one year prior to their election, and (b) continue to reside, in the state in which the bank is located or within 100 miles of the bank.

Phase-Out: None
Annex VII(A) - United States

Sector: Financial Services

Sub-Sector: Banking

Industry Classification:
- SIC 6021 National Commercial Banks
- SIC 6022 State Commercial Banks
- SIC 6029 Other Commercial Banks
- SIC 6081 Branches and Agencies of Foreign Banks
- SIC 6712 Bank Holding Companies
  Foreign Banks (Not Applicable)

Type of Reservation: National Treatment (Article 1405)

Level of Government: Federal

Measures:
  § 1842(d)

  § 3103(a)(5)
Federal authorities may not approve the establishment of, or acquisition of an interest in, a bank subsidiary within a state ("the target state") by a foreign bank that has a full-service branch in the United States, unless the measures of the target state expressly permit such an establishment or acquisition by domestic bank holding companies with their principal place of banking operations (as that term is described under the Bank Holding Company Act) in the foreign bank's "home state" (as that term is defined in the International Banking Act).

Federal authorities also may not approve the establishment of, or acquisition of an interest in, a bank subsidiary within a state ("the target state") by a bank holding company, including a foreign bank, that maintains its principal place of banking operations in another state, as defined under the Bank Holding Company Act, unless the measures of the target state expressly permit the establishment and acquisition by bank holding companies from the state of the company's or bank's principal place of banking operations.

Due to these Federal measures and certain state measures, foreign banks with direct deposit-taking branches or bank subsidiaries in the United States are not permitted to establish or acquire interests in banks located in some states on the same basis as domestic bank holding companies from the state of the foreign bank's principal place of banking operations or the foreign bank's home state. The following types of measures, among others, fall into this category:

(a) foreign banks are expressly excluded from the authority to own banks under certain regional holding company laws;

(b) foreign banks are implicitly excluded from the definition of an eligible owner under certain state laws that require a majority of a banking company's deposits to be in the United States, in a particular region of the United States or in a particular state;
foreign banks that do not already own a banking
subsidiary in the United States are interpreted as not
qualifying as an eligible "bank holding company" entitled
to own a bank in the United States; and

where a foreign bank's principal place of business is in a
state which is different from its home state and the
measures of the target state accord better treatment to
bank holding companies from one of these states, the
foreign bank will be subject to the more restrictive rule.

Phase-Out: None
Annex VII(A) - United States

Sector: Financial Services

Sub-Sector: Banking

Industry Classification: SIC 6082 Foreign Trade and International Banking Institutions

Type of Reservation: National Treatment (Article 1405)

Level of Government: Federal


Description: Edge corporations (specialized international banking companies chartered under Federal law) may be owned by domestically-owned banks and bank holding companies, and by domestic non-bank companies willing to restrict their business activities to those closely related to banking. Foreign ownership of Edge corporations is limited to foreign banks and U.S. subsidiaries of foreign banks. Other foreign persons may not directly or indirectly own Edge corporations.

Phase-Out: None
Annex VII(A) - United States

Sector: Financial Services
Sub-Sector: Banking
Industry Classification: SIC 6081 Branches of Foreign Banks
Type of Reservation: National Treatment (Article 1405)
Level of Government: Federal
Description: In order to accept or maintain domestic retail deposit accounts having balances of less than $100,000, a foreign bank must establish an insured banking subsidiary. This prohibition does not apply to a foreign bank branch that was engaged in insured deposit-taking activities on December 19, 1991.
Phase-Out: None
### Annex VII(A) - United States

<table>
<thead>
<tr>
<th>Sector:</th>
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<tbody>
<tr>
<td>Sub-Sector:</td>
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<tr>
<td>Industry Classification:</td>
<td>SIC 6081 Branches and Agencies of Foreign Banks</td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>National Treatment (Article 1405)</td>
</tr>
<tr>
<td>Level of Government:</td>
<td>Federal</td>
</tr>
<tr>
<td>Description:</td>
<td>Foreign banks with branches or agencies in the United States may not be members of the Federal Reserve System, and thus may not vote for directors of a Federal Reserve Bank.</td>
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<tr>
<td>Phase-Out:</td>
<td>None</td>
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<tr>
<td>Sector:</td>
<td>Financial Services</td>
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<tr>
<td>Sub-Sector:</td>
<td>Banking and Securities</td>
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<tr>
<td>Industry Classification:</td>
<td></td>
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<tr>
<td>SIC 6021</td>
<td>National Commercial Banks</td>
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<tr>
<td>SIC 6022</td>
<td>State Commercial Banks</td>
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<td>SIC 6029</td>
<td>Other Commercial Banks</td>
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<tr>
<td>SIC 6081</td>
<td>Branches and Agencies of Foreign Banks</td>
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<td>SIC 6211</td>
<td>Security Brokers, Dealers and Flotation Companies</td>
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<td>Type of Reservation:</td>
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<td></td>
<td>Most-Favored-Nation Treatment (Article 1406)</td>
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<tr>
<td>Level of Government:</td>
<td>Federal</td>
</tr>
<tr>
<td>Description:</td>
<td>The <em>Primary Dealers Act of 1988</em> prohibits a foreign firm from being designated as a primary dealer in U.S. government debt obligations unless the home country of the foreign firm accords to U.S. firms the same competitive opportunities as are accorded to domestic firms in the underwriting and distribution of government debt instruments in the firm's home country.</td>
</tr>
<tr>
<td>Phase-Out:</td>
<td>None</td>
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Sector: Financial Services
Sub-Sector: Banking and Securities
Industry Classification: SIC 6289 Services Allied with the Exchange of Securities or Commodities
Type of Reservation: Cross-Border Trade (Article 1404)
National Treatment (Article 1405)
Most-Favored-Nation Treatment (Article 1406)
Senior Management and Boards of Directors (Article 1408)
Level of Government: Federal
Description: Under the Trust Indenture Act of 1939, a foreign firm located outside the United States may be prohibited from acting as the sole trustee under an indenture for debt securities sold in the United States if U.S. institutional trustees cannot act as sole trustees for securities sold in the foreign firm's home country.
Phase-Out: None
Sector: Financial Services
Sub-Sector: Banking and Securities
Industry Classification: SIC 6211 Security Brokers, Dealers and Flotation Companies
Type of Reservation: Most-Favored-Nation Treatment (Article 1406)
Level of Government: Federal
Measures: 
- 17 C.F.R. § 240.15c3-3
Description: A broker-dealer that maintains its principal place of business in Canada may maintain its required reserves at a bank in Canada subject to supervision by an authority of Canada. A broker-dealer that maintains its principal place of business in any other foreign country must maintain reserves in the United States.
Phase-Out: None
Sector: Financial Services

Sub-Sector: Commodity Futures and Options

Industry Classification:
- SIC 6221  Commodity Contracts Broker and Dealers
- SIC 6231  Commodity Exchanges
- SIC 6282  Investment Advice
- SIC 6289  Services Allied with the Exchange of Commodities

Type of Reservation:
- Cross-Border Trade (Article 1404)
- New Financial Services and Data Processing (Article 1407)

Level of Government: Federal


Description: Federal law prohibits the offer or sale of futures contracts on onions, options contracts on onions and options on futures contracts on onions in the United States and services related thereto.

Phase-Out: None
<table>
<thead>
<tr>
<th>Sector</th>
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<td>Sub-Sector:</td>
<td>Insurance</td>
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<tr>
<td>Industry Classification</td>
<td>SIC 6351 Surety Insurance</td>
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<tr>
<td>Type of Reservation:</td>
<td>Cross-Border Trade (Article 1404)</td>
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<td>National Treatment (Article 1405)</td>
</tr>
<tr>
<td>Level of Government:</td>
<td>Federal</td>
</tr>
<tr>
<td>Description:</td>
<td>Branches of foreign insurance companies are not permitted to provide surety bonds for U.S. Government contracts.</td>
</tr>
<tr>
<td>Phase-Out:</td>
<td>None</td>
</tr>
</tbody>
</table>
Sector: Financial Services
Sub-Sector: Banking and Securities
Industry Classification: SIC 6081 Branches and Agencies of Foreign Banks
SIC 6282 Investment Advice
Type of Reservation: National Treatment (Article 1405)
Level of Government: Federal
Description: Foreign banks are required to register as investment advisers under the Investment Advisers Act of 1940 to engage in securities advisory services in the United States, while domestic banks are exempt from registration.
Phase-Out: None
Annex VII
Schedule of the United States
Section B

With respect to Canada, the United States reserves the right to adopt any measure relating to cross-border trade in securities services that derogates from Article 1404(1) or 1406.
The United States commits to permit an eligible *grupo financiero* that, in formation of the *grupo* in Mexico before the date of entry into force of this Agreement, lawfully acquires an eligible Mexican bank and a Mexican securities firm which owns or controls a securities company in the United States, to continue to engage through the U.S. securities company in the activities in which that securities company was engaged on the date of acquisition by the *grupo* for a time period of five years from the date of that acquisition. The U.S. securities company:

(a) shall not be permitted to expand through acquisition in the United States during such period; and

(b) shall be subject to measures consistent with national treatment that restrict transactions between the company and its affiliates.

For purposes of this Section: an "eligible *grupo financiero*" is a Mexican financial group that has not previously benefitted from this commitment; and an "eligible Mexican bank" means any Mexican *institución de crédito* that owned or controlled a subsidiary bank, or operated a branch or agency, in the United States on January 1, 1992.