

ANNEX I

Schedule of Honduras

Reservations for Existing Measures and Liberalization Commitments

1. The Schedule of a Party sets out, pursuant to Articles 10.9 (Investment – Reservations and Exceptions) and 11.7 (Cross-Border Trade in Services – Reservations) the reservations taken by that Party with respect to existing measures by a Party that do not conform with obligations imposed by:

- (a) Articles 10.4 (Investment – National Treatment) or 11.3 (Cross-Border Trade in Services – National Treatment);
- (b) Articles 10.5 (Investment – Most-Favoured-Nation Treatment) or 11.4 (Cross-Border Trade in Services – Most-Favoured-Nation Treatment)
- (c) Article 11.5 (Cross-Border Trade in Services – Local Presence);
- (d) Article 10.7 (Investment – Performance Requirements);
- (e) Article 10.8 (Investment – Senior Management and Boards of Directors);
or
- (f) Article 11.6 (Cross-Border Trade in Services – Market Access).

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 industry classification codes;

- (d) **Type of Reservation** specifies the obligation referred to in paragraph 1 for which a reservation is taken;
- (e) **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:
 - (i) means the measure as amended, continued or renewed as of the date of entry into force of this Agreement, and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;
- (f) **Description** sets out the non-conforming aspects of the existing measures for which the reservation is taken. It may also set out commitments for liberalization.

3. In the interpretation of a reservation, all elements of the reservation, with the exception of Industry Classification, shall be considered. A reservation shall be interpreted in the light of the relevant provisions of the Articles against which the reservation is taken. To the extent that:

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

4. Where a Party maintains a measure that requires a service provider be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a reservation for that measure taken with respect to Article 11.3, 11.4 or 11.5 (Cross-Border Trade in Services – National Treatment, Most-Favoured-Nation Treatment or Local Presence) shall operate as a reservation with respect to Article 10.4, 10.5 or 10.7 (Investment – National Treatment, Most-Favoured-Nation Treatment or Performance Requirements) to the extent of that measure.

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

6. For purposes of this Annex:

CPC means Central Product Classification 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 Standard Industrial Classification numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980.

ANNEX I

Schedule of Honduras

Sector:	All Sectors
Type of Reservation:	National Treatment (Article 10.4)
Level of Government:	Central
Measures:	<p>Decree No. 131, Constitution of the Republic of Honduras, Title III, Chapter II, Article 107 (<i>Decreto No. 131, Constitución de la República de Honduras, Título III, Capítulo II, Artículo 107</i>)</p> <p>Decree No. 90-1990, Act on Property Acquisition in Urban Areas delimiting the Article 107 of the Constitution of the Republic of Honduras, Articles 1 and 4 (<i>Decreto N° 90-1990, Ley para la Adquisición de Bienes Urbanos en las Áreas que delimita el Artículo 107 de la Constitución de la República de Honduras, Artículos 1 y 4</i>)</p> <p>Decree No. 968, Declaratory Act, Planning and Development of Tourism Zones, Title V, Chapter V, Article 16 (<i>Decreto No 968, Ley para la Declaratoria, Planeamiento y Desarrollo de las Zonas de Turismo, Título V, Capítulo V, Artículo 16</i>)</p>

Description:

Investment

State land, common land, and private land within 40 kilometres of the borders and coastlines, and such land on islands, keys, coral reefs, breakwaters, rocks, and sandbanks in Honduras, can only be acquired, owned or held under any title by persons who are Honduran by birth, by companies fully owned by Honduran nationals, and by state institutions.

Notwithstanding the preceding paragraph, anyone may acquire, possess, hold or lease for up to 40 years (which may be renewed) urban lands in such areas, provided that it is certified and approved for tourist purposes, economic or social development, or for the public interest by the Secretary of State of Tourism (*Secretaría de Estado en el Despacho de Turismo*).

Anyone who acquires, owns or holds such urban land may transfer that land only with the authorization of the Secretary of State in the Office of Tourism (*Secretaría de Estado en el Despacho de Turismo*).

Sector:	All Sectors
Type of Reservation:	National Treatment (Article 10.4) Most-Favoured-Nation Treatment (Article 10.5)
Level of Government:	Central
Measures:	Decree No. 131, Constitution of the Republic of Honduras, Title VI, Chapter I, Article 337 (<i>Decreto No. 131, Constitución de la República de Honduras, Título VI, Capítulo I, Artículo 337</i>) Agreement No. 345-92, Regulation of the Investment Law, Chapters I and VI, Sections 3 and 49 (<i>Acuerdo No. 345-92, Reglamento de la Ley de Inversiones, Capítulos I y VI, Artículos 3 y 49</i>)
Description:	<u>Investment</u> Small-scale industry and trade are reserved for Hondurans. Foreign investors cannot engage in small-scale industry or trade unless they are naturalized citizens and their country of origin grants reciprocity. “Small-scale industry and trade” refers to companies with capital, excluding land, buildings and vehicles, of less than 150,000 lempiras.

Sector:	All Sectors
Type of Reservation:	National Treatment (Article 10.4) Most-Favoured-Nation Treatment (Article 10.5)
Level of Government:	Central
Measures:	Decree No. 65-87, dated May 20, 1987, Honduras Cooperatives Act, Title II, Chapter I, Sections 18 and 19 (<i>Decreto No. 65-87, de fecha 20 de mayo de 1987, Ley de Cooperativas de Honduras, Título II, Capítulo I, Artículos 18 y 19</i>) Agreement No. 191-88 dated May 30, 1988, Regulation of the Law on Cooperatives of Honduras, Article 34 (c) and (d) (<i>Acuerdo No 191-88 de fecha 30 de mayo de 1988, Reglamento de la Ley de Cooperativas de Honduras, Artículo 34(c) y (d)</i>)
Description:	<u>Investment</u> Non-Honduran cooperatives may establish in Honduras if they receive authorization from the Honduran Institute of Cooperatives (<i>Instituto Hondureño de Cooperativas</i>). Authorization will be granted if: (a) the country of origin grants reciprocity; and (b) the non-Honduran cooperative has at least one permanent legal representative in Honduras.

Sector:	Customs Agents and Customs Agencies
Type of Reservation:	National Treatment (Articles 10.4 and 11.3)
Level of Government:	Central
Measures:	Decree No. 212-87, Customs Act, Title IX, Chapter I, Section One and Three, Articles 177 and 182 (<i>Decreto No 212-87, Ley de Aduanas, Título IX, Capítulo I, Sección Primera y Tercera, Artículos 177 y 182</i>)
Description:	<u>Cross-Border Trade in Services and Investment</u> Licensed customs agents must be Honduran nationals by birth. Employees of the customs agent who act on behalf of the customs agent must also be Honduran nationals by birth.

Sector:	Agricultural
Type of Reservation:	National Treatment (Article 10.4)
Level of Government:	Central
Measures:	Agreement No. 2124-92, Regulation on Land Adjudication Regulations on Land Reform, Articles 1 and 2 <i>(Acuerdo No. 2124-92, Reglamento de Adjudicación de Tierras en la Reforma Agraria, Artículos 1 y 2)</i>
Description:	<u>Investment</u> Agrarian reform beneficiaries must be Honduran nationals by birth, individually or organized in farm cooperatives or other farm worker enterprises.

Sector:	All Sectors
Type of Reservation:	National Treatment (Articles 10.4 and Article 11.3)
Level of Government:	Central
Measures:	Decree No. 255-2002, Administrative Simplification Act, Article 8 Amendments to the Commercial Code, Articles 308 and 309 (<i>Decreto No. 255-2002, Ley de Simplificación Administrativa, Artículo 8 Reformas al Código de Comercio, Artículos 308 y 309</i>)
Description:	<p><u>Cross-Border Trade in Services and Investment</u></p> <p>So that a company established under foreign laws can do business in Honduras, it must:</p> <p>Permanently have at least one representative in Honduras with broad powers to conduct all the required legal transactions and proceedings related to business in Honduras.</p> <p>Have its own property for the business activity to be conducted in Honduras.</p> <p>Companies that do not have their legal domicile in Honduras are considered to be established under foreign laws.</p>

Sector:	All Sectors
Type of Reservation:	National Treatment (Article 10.4)
Level of Government:	Central
Measures:	<p>Decree No. 549, Section 4, as amended by Decree No. 804, Act of Representatives, Distributors and Agents of National and Foreign Companies (<i>Decreto No. 549, Artículo 4, reformado por Decreto No. 804, Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras</i>)</p> <p>Agreement No. 669-79, Regulation of the Law of Representatives, Distributors and Agents of National and Foreign Companies, Section 2 (<i>Acuerdo No. 669-79, Reglamento de la Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras, Artículo 2</i>)</p>
Description:	<p><u>Investment</u></p> <p>Licensees are required to be Honduran nationals or Honduran companies.</p> <p>Individuals pursuing acting as representatives, agents or distributors must be previously registered as an individual business person. To be considered Honduran, at least 51% of the capital of the company must be held by Hondurans.</p>

Sector:	Communications Services – Mail
Type of Reservation:	Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 120-93, Organic Law of the Postal Office of Honduras, Articles 3 and 4 (<i>Decreto No. 120-93, Ley Orgánica de la Empresa de Correos de Honduras, Artículos 3 y 4</i>)
Description:	<u>Cross-Border Trade in Services</u> The operation of the postal system in Honduras is reserved exclusively for Postal Office Honduran Company (<i>Empresa Hondureña de Correos</i> [HONDUCOR]) ¹ .

¹ However, this exclusivity does not apply to express delivery services.

Sector:	Radio, Television and Newspaper Services
Type of Reservation:	National Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.8)
Level of Government:	Central
Measures:	Decree No. 131, Constitution of the Republic of Honduras, Chapter II, Article 73, third paragraph (<i>Decreto No. 131, Constitución de la República de Honduras, Capítulo II, Artículo 73, párrafo tercero</i>) Decree No. 6, Law of Freedom of Thought Chapter IV, Article 30 (<i>Decreto No. 6, Ley de Emisión del Pensamiento, Capítulo IV, Artículo 30</i>) Decree No. 759, Law Association of Journalists of Honduras, Article 8, amended by Decree No. 79 of January 1, 1981 (<i>Decreto No. 759, Ley del Colegio de Periodistas de Honduras, Artículo 8, reformado por Decreto No. 79 del 1ero de enero de 1981</i>)
Description:	<u>Investment</u> Only Honduran nationals by birth may hold senior management positions in newspapers or broadcast media (radio and television), including the editorial, political and managerial policy thereof. ²

² This does not apply to newspapers or news media established outside of Honduras.

Sector:	Telecommunications
Type of Reservation:	National Treatment (Article 11.3)
Level of Government:	Central
Measures:	<p>Decree No. 185-95, Telecommunications Sector Framework Law Chapter I, Article No. 26 (<i>Decreto No. 185-95, Ley Marco del Sector Telecomunicaciones Capítulo I, Artículo No. 26</i>)</p> <p>Agreement No. 141-2002 dated December 26, 2002, General Rules of Telecommunications Sector Framework Law, Title III, Chapter I, Article 93 (<i>Acuerdo No. 141-2002 de fecha 26 de diciembre del 2002, Reglamento General de la Ley Marco del Sector de Telecomunicaciones, Título III, Capítulo I, Artículo 93</i>)</p>
Description:	<p><u>Cross-Border Trade in Services</u></p> <p>Foreign governments may not participate directly in the provision of public telecommunication services.</p>

Sector:	Telecommunications
Type of Reservation:	National Treatment (Articles 10.4 and 11.3)
Level of Government:	Central
Measures:	<p>Decree No. 185-95, Telecommunications Sector Framework Law, Chapter I (<i>Decreto No. 185-95, Ley Marco del Sector de Telecomunicaciones, Capítulo I</i>)</p> <p>Agreement No. 141-2002, General Rules of Telecommunications Sector Framework Law (<i>Acuerdo No. 141-2002, Reglamento General de la Ley Marco del Sector de Telecomunicaciones</i>).</p>
Description:	<p><u>Cross-Border Trade in Services and Investment</u></p> <p>Except for the Government of Honduras, no operator or any of its partners with at least a 10% share or any affiliate or subsidiary thereof or anyone belonging to that economic group may hold directly or indirectly more than 10% of the capital of a company authorized to provide said services. Data transmission services are exempt from this provision.</p> <p>The practice of callbacks involving telephone services provided inside Honduras that systematically originate outside the country as a direct result of international calls not originally completed inside Honduras is prohibited.</p> <p>To qualify, foreign companies must have an address in Honduras and name a legal representative also domiciled in Honduras.</p>

Sector:	Construction or Consulting Services and Related Engineering Services- Civil Engineering
Type of Reservation:	National Treatment (Artículos 10.4 and 11.3) Most-Favoured-Nation Treatment (Article 11.4) Market Acces (Article 11.6) Local presence (Article 11.5)
Level of Government:	Central
Measures:	Decree No. 47-1987, Organic Law of the College of Civil Engineers of Honduras, Article 67 (<i>Decreto No. 47-1987, Ley Orgánica del Colegio de Ingenieros Civiles de Honduras, Artículo 67</i>) Regulation of the Organic Law of the College of Civil Engineers of Honduras, Articles 100 (A) – (D) and 101 (<i>Reglamento de la Ley Orgánica del Colegio de Ingenieros Civiles de Honduras, Artículos 100 (A – (D) y 101</i>) Decree No. 753, Organic Law of the College of Architects of Honduras, Sections 37 (b), (c), (d), (g) and (h) (<i>Decreto No. 753, Ley Orgánica del Colegio de Arquitectos de Honduras, Artículos 37 (b), (c), (d), (g), y (h)</i>) Regulation of the Organic Law of the College of Architects of Honduras, Articles 4 (h), 7 (a), (c), (d) and (h), 13, 68 and 69 (<i>Reglamento de la Ley Orgánica del Colegio de Arquitectos de Honduras, Artículos 4 (h), 7(a), (c), (d) y (h), 13, 68 y 69</i>) Decree No. 902, Organic Law of the College of Mechanical, Electrical and Chemical Honduras, Article 40 (c), (d) and (h) (<i>Decreto No. 902, Ley Orgánica del Colegio de Ingenieros Mecánicos, Electricistas y Químicos de Honduras, Artículo 40 (c), (d) y (h)</i>)

Description:Cross-Border Trade in Services and Investment

Consulting and construction companies must be organized under Honduran law in order to be members of the College of Civil Engineering of Honduras (*Colegio de Ingenieros Civiles de Honduras* [CICH]) and to carry out civil engineering projects in Honduras. For greater certainty, consulting and construction companies organized under foreign law may register provisionally with the CICH to carry out specific civil engineering projects. Higher membership fees apply to foreign-owned companies. In addition, foreign personnel must be authorized by the CICH in order to work on such projects.

Sector:	Distribution Services – Petroleum Products (Liquid Fuel, Automotive Oil, Diesel, Kerosene, and LPG)
Type of Reservation:	National Treatment (Article 10.4)
Level of Government:	Central
Measures:	<p>Decree No. 549, Act of Representatives, Distributors and Agents of National and Foreign Companies, Chapter I and VI, Articles 4 and 2 (<i>Decreto No. 549, Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras, Capítulo I y VI, Artículos 4 y 2</i>)</p> <p>Decree No. 804, Amending Article 4 of the Act of Representatives, Distributors and Agents of National and Foreign Companies (<i>Decreto No. 804, reforma el Artículo 4 de la Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras</i>)</p>
Description:	<p><u>Investment</u></p> <p>Only Honduran nationals and companies organized under Honduran law may be authorized to sell petroleum products. Companies must be at least 51% owned by Honduran nationals.</p>

Sector:	Electricity
Type of Reservation:	Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 158-94 dated November 26, 1994, Framework Law under the Electricity Sub-Sector, Chapter V, Article 15 (<i>Decreto No. 158-94 de fecha 26 de noviembre de 1994, Ley Marco del Sub-Sector Eléctrico, Capítulo V, Artículo 15</i>)
Description:	<p><u>Cross-Border Trade in Services</u></p> <p>Only the Honduran government, through the National Electricity Company (<i>Empresa Nacional de Energía Eléctrica</i>), may transmit electricity or operate the electricity transmission system and dispatch center.</p>

Sector:	Lotteries
Type of Reservation:	Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 438, dated April 23, 1977, Article 5 (c), Organic Law of the National Child Welfare Fund (<i>Decreto No. 438, de fecha 23 de abril de 1977, Artículo 5 (c), Ley Orgánica de Patronato Nacional de la Infancia</i>)
Description:	<u>Cross-Border Trade in Services</u> The National Child Welfare Fund (<i>Patronato Nacional de la Infancia</i> [PANI]) exclusively administers the national lottery.

Sector:	Education Services – Private Preschool, Primary, and Secondary Educational Services
Type of Reservation:	National Treatment (Article 11.3) Most-Favoured-Nation Treatment (Article 11.4) Local Presence (Article 11.5) Senior Management and Boards of Directors (Article 10.8)
Level of Government:	Central
Measures:	Decree No. 131, Constitution of the Republic of Honduras, Title III, Chapter VIII, Articles 34, 166 and 168 <i>(Decreto No. 131, Constitución de la República de Honduras, Título III, Capítulo VIII, Artículos 34, 166 y 168)</i> Decree No 79, Organic Law of Education, Articles 64 and 65 <i>(Decreto No. 79, Ley Orgánica de Educación, Artículos 64 y 65)</i> Decree No. 136-97, Organic Law for Teaching Staff, Articles 7 and 8 <i>(Decreto No 136-97, Ley del Estatuto del Docente, Artículos 7 y 8)</i> Executive Decision No 0760-5E-99, General Regulation of the Law for Teaching Staff, Article 6 <i>(Acuerdo Ejecutivo No 0760 -5E-99, Reglamento General del Estatuto del Docente, Artículo 6)</i>
Description:	<u>Cross-Border Trade in Services and Investment</u> School directors and supervisors must be Honduran by birth.

Teachers at all levels of the education system must be Honduran nationals by birth. Foreign nationals may, however, teach particular subjects at the intermediate and secondary levels if no Honduran nationals are available to teach such subjects. Notwithstanding the preceding sentence, foreign nationals may teach the Honduran Constitution, civics, geography and history of Honduras only if there is reciprocity for Honduran nationals in their country of origin.

Private schools at all levels must be established under Honduran law. For greater certainty, there are no restrictions on foreign ownership of such schools.

Sector:	Entertainment Services – Music Entertainers
Type of Reservation:	National Treatment (Articles 10.4 and 11.3)
Level of Government:	Central
Measures:	Decree No. 123 dated October 23, 1968, the Law on Protection of Musical Artists, Articles 1 – 4 <i>(Decreto No. 123 de fecha 23 de octubre de 1968, Ley de Protección a los Artistas Musicales, Artículos 1 – 4)</i>

Description: Cross-Border Trade in Services and Investment

Notwithstanding the measure above, Honduras agrees that foreign musicians who wish to perform individually or as a group in Honduras must pay 5% of their fees therefor to the Artists' Union of Honduras (*Sindicato de Artistas de Honduras*) and the manager or lessee shall, if possible, hire local musicians for the same performance.

For greater certainty, foreign musicians must register with the Artists' Union of Honduras (*Sindicato de Artistas Musica de Honduras*) for each performance in Honduras.

Sector:	Championships and Soccer Games Services
Type of Reservation:	National Treatment (Article 11.3) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Regulation of Championships and Competitions Football League First Division Amateur No. Articles 9 and 10 <i>(Reglamento de Campeonatos y Competencias Liga Nacional de Fútbol No Aficionado de Primera División, Artículos 9 y 10)</i>
Description:	<u>Cross-Border Trade in Services</u> For the registration of foreign players, a certificate issued by the Ministry of the Interior and Justice stating that their residency application is being processed shall be required. Each club affiliated with the football (soccer) league may register up to 4 foreign players.

Sector:	Amusement, Cultural, and Sport Services – Casinos and Gambling (Encompasses Roulette, Cards, Punter, Baccarat, Slot Machines and the Like)
Type of Reservation:	National Treatment (Article 10.4) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Decree No. 488, dated February 16, 1977, Casinos and Gambling Act, Article 3 (<i>Decreto No. 488, de fecha 16 de febrero de 1977, Ley de Casinos de Juegos de Envite o Azar, Artículo 3</i>)
Description:	<u>Cross-Border Trade in Services and Investment</u> Only Honduran nationals by birth and companies organized under Honduran law may operate a casino.

Sector:	Environmental Services
Type of Reservation:	Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 134-90, Municipal Law, Article 13 (3) and (4) <i>(Decreto No 134-90, Ley de Municipalidades, Artículo 13 (3) y (4))</i>
	Decree No. 104-93, General Environmental Law, Articles 29 and 67 <i>(Decreto No. 104-93, Ley General del Ambiente, Artículos 29 y 67)</i>
Description:	<u>Cross-Border Trade in Services</u> Only the State, through its municipalities, may provide public water distribution, waste disposal, and sanitation and hygiene services. For greater certainty, municipalities are responsible for building aqueducts, maintaining and managing potable water, sanitary sewers, drainage, and promoting and executing related projects.

Sector: Distribution, Wholesale and Retail – Weapons, Munitions, and Other Related Items

Type of Reservation: Market Access (Artículo 11.6)

Level of Government: Central

Measures: Decree No. 131, Constitution of the Republic of Honduras, Title V, Chapter X, Article 292 (*Decreto No. 131, Constitución de la República de Honduras, Título V, Capítulo X, Artículo 292*)

Decree No 80-92, Investment Law, Chapter VI, Article 16 (*Decreto No. 80-92, Ley de Inversiones, Capítulo VI, Artículo 16*)

Description: Cross-Border Trade in Services

The wholesale and retail distribution of the following items is reserved solely for the Honduran Armed Forces:

- munitions;
- warplanes;
- military rifles;
- all classes of pistols and revolvers, 41-calibre or higher;
- Honduran Army standard-issue pistols;
- silencers for all classes of firearms;
- firearms;
- accessories and munitions;
- cartridges for firearms;
- apparatus and other accessories required to load cartridges;
- gunpowder, explosives, caps, and fuses;
- gas masks; and
- air rifles.

For greater certainty, use of explosives for commercial purposes may be permitted by the appropriate Honduran authority.

Sector:	Investigation and Security Services
Type of Reservation:	National Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.8)
Level of Government:	Central
Measures:	Decree No. 156-98, Organic Law of the National Police, Article 91 (<i>Decreto No. 156-98, Ley Orgánica de la Policía Nacional, Artículo 91</i>) Regulation No. 0771-2005 dated June 18, 2005, Articles 5 and 15 characters t), u) and v) (<i>Reglamento Número 0771-2005 de fecha 18 de junio de 2005, Artículos 5 y 15, letras t), u) y v)</i>)
Description:	<u>Investment</u> Foreign companies that request a permit to provide private security services must partner with Honduran companies working in the same field and appoint a Honduran national by birth as manager. To obtain authorization to operate a private security company, foreigners must submit the following documents: For foreign employees, a photocopy of the permit from the Secretary of State of Foreign Affairs and the Secretary of Labour and Social Security (<i>Secretaría de Estado en el Despacho de Relaciones Exteriores y Secretaría de Trabajo y Previsión Social</i>) to perform security-related functions.

Foreign partners must submit the original police and criminal record from their country of origin and residence, authenticated by the competent authority.

Properly authenticated original police and criminal records of foreigners serving the company, from both their country of origin and their country of residence.

Sector:	Fisheries
Type of Reservation:	National Treatment (Article 10.4)
Level of Government:	Central
Measures:	Decree No. 154, Fisheries Act, Chapter IV, Articles 20, 26 and 29 <i>Decreto No. 154, Ley de Pesca, Capítulos IV, Artículos 20, 26 y 29)</i>
Description:	<p><u>Investment</u></p> <p>Only Honduran nationals resident in Honduras and companies organized under Honduran law at least 51% owned by Honduran nationals can engage in commercial fishing in the territorial waters, seas, rivers and lakes of Honduras. For greater certainty, only Honduran-flagged vessels can conduct commercial fishing activities in Honduran territorial waters.</p> <p>For greater certainty, only Honduran nationals by birth can be captains of commercial fishing vessels.</p>

Sector:	Professional Services
Type of Reservation:	National Treatment (Article 11.3) Most-Favoured-Nation Treatment (Article 11.4) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Decree No. 131, Constitution of the Republic of Honduras, Chapter VIII, Article No 177 (<i>Decreto No. 131, Constitución de la República de Honduras, Capítulo VIII, Artículo No. 177</i>) Regulation for the Recognition of Foreign University Credentials and Incorporation of Professionals, Articles 2, 11 and 18 (<i>Reglamento para el Reconocimiento de Estudios Universitarios e Incorporación de Profesionales, Artículos 2, 11 y 18</i>)
Description:	<u>Cross-Border Trade in Services</u> Notwithstanding existing measures relating to requirements for the practice of professions, including the measures listed above, Honduras agrees that authorization to practise a profession will be granted based on principles of reciprocity. Honduras agrees that if a jurisdiction of Canada recognizes professional degrees granted by Honduran educational institutions, then Honduras will recognize equivalent professional degrees granted by a Canadian educational institution. Likewise, Honduras agrees that if a jurisdiction of Canada allows Honduran nationals to apply for and receive a licence or certificate for the provision of a professional service, then Honduras will allow nationals of Canada to apply for and receive an equivalent licence or certificate.

For greater certainty, the preceding paragraphs do not grant the automatic recognition of professional degrees or the right to practise a profession, nor do they eliminate the nationality requirement for certain professions reserved exclusively for Honduran nationals, as provided in Annex I or II.

In addition, the relevant professional association in Honduras will recognize a licence granted by a jurisdiction in Canada and allow the holder of that licence to register with the association and practise the profession in Honduras temporarily, on the basis of the licence issued in a jurisdiction in Canada, in the following cases:

- (a) no educational institution in Honduras offers a course of study that would allow the practice of the profession in Honduras;
- (b) the holder of the licence is a recognized expert in the profession; or
- (c) allowing the professional to practise in Honduras will, through training, demonstration, or other such opportunity, further the development of the profession in Honduras.

Sector:	Air Transportation
Type of Reservation:	National Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.8)
Level of Government:	Central
Measures:	Decree No. 55-2004, May 19, 2004, Civil Aviation Act, Title VIII, Chapter I, Articles 106 and 149 (<i>Decreto No. 55-2004, 19 de mayo de 2004, Ley de Aeronáutica Civil, Título VIII, Capítulo I, Artículos 106 y 149</i>)

Description:

Investment

Public air transport services between any two (2) places in Honduras are reserved for Honduran companies.

Honduran companies are those that meet the following requirements:

- (1) At least 51% of the capital must belong to Honduran nationals or companies; and
- (2) Effective control and management of the company must also be in Honduran hands.

In order to provide private specialty air services for remuneration, the authorization of the Civil Aviation Directorate (*Dirección General de Aeronáutica Civil*) is required and the provider must be a Honduran national or company.

Sector:	Maritime Transportation – Coastal Navigation
Type of Reservation:	National Treatment (Articles 10.4 and 11.3) Most-Favoured-Nation Treatment (Articles 10.5 and 11.4) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Decree No. 167-94, Organic Law of the National Merchant Marine, dated January 2, 1995, Title II, III, Chapter VII, Article 40 (<i>Decreto No. 167-94, Ley Orgánica de la Marina Mercante Nacional, de fecha 2 de enero de 1995, Título II, III, Capítulo VII, Artículo 40</i>) Agreement No. 000764, on Maritime Transport Regulations dated December 13, 1997, Article 6 (<i>Acuerdo No. 000764, Reglamento de Transporte Marítimo de fecha 13 de diciembre de 1997, Artículo 6</i>)
Description:	<u>Cross-Border Trade in Services and Investment</u> Coastal navigation for commercial purposes is reserved for Honduran merchant vessels. If there are no Honduran merchant vessels or if they are not available, for as long as such a condition exists, the Merchant Marine Directorate (<i>Dirección General de la Marina Mercante</i>) may authorize foreign merchant vessels to provide coastal navigation in Honduras. In such circumstances, preference shall be given to vessels flying a Central American flag. Honduran merchant vessels must be registered under Honduran law, at least 51% of their paid-up capital must be owned by Honduran nationals, and the company must be domiciled in Honduras.

Sector:	Land Transportation
Type of Reservation:	National Treatment (Artículos 10.4 and 11.3) Most-Favoured-Nation Treatment (Article 11.4) Market Access (Article 11.6) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Decree No. 319 - 1976, Land Transport Act, Articles 3, 5, 17, 18, 27 and 28 (<i>Decreto No 319-1976, Ley de Transporte Terrestre, Artículos 3, 5, 17, 18, 27 y 28</i>) Agreement No. 200, Regulation of the Land Transport Act, Articles 1, 7, 32, 33 and 34 (<i>Acuerdo No 200, Reglamento de la Ley de Transporte Terrestre, Artículos 1, 7, 32, 33 y 34</i>) Decree No. 205-2005, Transit Act of January 3, 2006, Article 46 (<i>Decreto No. 205-2005, Ley de Transito del 3 de enero de 2006, Artículo 46</i>)
Description:	<u>Cross-Border Trade in Services and Investment</u> Public domestic land passenger and cargo transportation services may be supplied only by Honduran nationals and companies established under Honduran law and at least 51% owned by Honduran nationals. It is necessary to obtain an operating certificate from the Transport Directorate of the Secretary of Public Works, Transport and Housing (<i>Dirección General de Transporte de la Secretaría de Estado en los Despachos de Obras Públicas, Transporte y Vivienda [SOPTRAVI]</i>), which is subject to a test of economic necessity.

Public international land passenger and cargo transportation services may be supplied by foreign nationals and companies established under foreign law on the basis of reciprocity, but authorization for particular routes will be granted on a preferential basis to Honduran nationals and to companies established under Honduran law.

Foreigners who enter Honduras will be able to drive with the valid licence that they carry and be subject to the principle of reciprocity.

Sector:	Transportation – Railways
Type of Reservation:	National Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.8)
Level of Government:	Central
Measures:	Decree No. 48, Act establishing the National Railway of Honduras, Chapters I and VIII, Article 32 and Article 12 amended by Decree No. 54 (<i>Decreto No. 48, Ley Constitutiva del Ferrocarril Nacional de Honduras, Capítulos I y VIII, Artículo 32 y Artículo 12 reformado mediante Decreto No. 54</i>)
Description:	<u>Investment</u> The Honduran National Railway (<i>Ferrocarril Nacional de Honduras</i>) may sell its subsidiaries only to Honduran nationals and to companies established under Honduran law. Senior managers of the Honduran National Railway (<i>Ferrocarril Nacional de Honduras</i>) must be Honduran by birth.

Sector:	Other Business Services – Warehousing
Type of Reservation:	Market Access (Article 11.6)
Level of Government:	Central
Measures:	Agreement No. 1055, Bonded Warehouses Regulation, Article 3 (<i>Acuerdo No. 1055, Reglamento de los Almacenes Generales de Depósitos, Artículo 3</i>)
Description:	<u>Cross-Border Trade in Services</u> Only companies established under Honduran law with fixed capital and for the sole purpose of providing warehousing services shall be authorized to provide such services.

Sector:	Business Consulting Services
Type of Reservation:	National Treatment (Article 11.3) Most-Favoured-Nation Treatment (Article 11.4) Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 900, Organic Law of the of Business Administrators of Honduras, Articles 61-E and 61-F (<i>Decreto No. 900, Ley Orgánica del Colegio de Administradores de Empresas de Honduras, Artículos 61-E y 61-F</i>) Regulation of the Organic Law of the College of Business Administrators of Honduras, Articles 96, 111, 113 and 114 (<i>Reglamento de Ley Orgánica del colegio de Administradores de Empresas de Honduras, Artículos 96, 111, 113 y 114</i>)
Description:	<u>Cross-Border Trade in Services</u> Foreign nationals may enter into contracts to provide business administration consulting services after confirmation of the contract by the College of Business Administrators of Honduras (<i>Colegio de Administradores de Empresas de Honduras</i>).

Companies established under foreign law may enter into contracts to provide business administration consulting services after confirmation of the contract by the College of Business Administrators of Honduras (*Colegio de Administradores de Empresas de Honduras*) if such services are not otherwise available in Honduras or because of contractual needs. In order to provide such services, said companies must form a partnership with Honduran firms that are duly registered with the College of Business Administrators of Honduras (*Colegio de Administradores de Empresas de Honduras*).

Foreign nationals and companies established under foreign law must pay registration fees that are higher than those charged to Honduran nationals and companies established under Honduran law.

Sector:	Economic Consulting Services
Type of Reservation:	Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Decree No. 1002, Organic Law of the Honduran College of Economists, Article 58 (<i>Decreto No. 1002, Ley Orgánica del Colegio Hondureño de Economistas, Artículo 58</i>)
Description:	<u>Cross-Border Trade in Services</u>

In order to provide economic consulting services in the territory of Honduras, foreign economic consulting enterprises must be represented by a member of the Honduran College of Economists (*Colegio Hondureño de Economistas*).

Sector:	Agricultural Engineering and Agronomy
Type of Reservation:	National Treatment (Article 11.3) Most-Favoured-Nation Treatment (Article 11.4)
Level of Government:	Central
Measures:	Decree No. 148-95, Organic Law of the College of Agricultural Sciences Professional Honduras, Article 5 <i>(Decreto No. 148-95, Ley Orgánica del Colegio de Profesionales en Ciencias Agrícolas de Honduras, Artículo 5)</i> Regulation of the Organic Law of the College of Agricultural Sciences Professional Honduras, Article 9 and the COLPROCAH Pay Table <i>(Reglamento de la Ley Orgánica del Colegio de Profesionales en Ciencias Agrícolas de Honduras, Artículo 9 y Tabla de Pagos al COLPROCAH)</i>
Description:	<u>Cross-Border Trade in Services</u> Foreign agricultural engineers and agronomists may be subject to higher professional association registration fees than those charged to Honduran agricultural engineers and agronomists.

Sector:	Forestry Engineering
Type of Reservation:	National Treatment (Article 11.3) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Organic Law of the Association of Forestry Engineers of Honduras, Article 66 (<i>Ley Orgánica del Colegio de Ingenieros Forestales de Honduras, Artículo 66</i>)
Description:	<u>Cross-Border Trade in Services</u> Forestry engineering consulting companies established under foreign law must hire a significant number of Honduran nationals who are members of the Association of Forestry Engineers of Honduras (<i>Colegio de Ingenieros Forestales de Honduras</i>), in proportion to the size of the project.

Sector:	Veterinarians
Type of Reservation:	National Treatment (Article 11.3) Most-Favoured-Nation Treatment (Article 11.4) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Organic Law of the College of Veterinarians of Honduras, Article 12 (<i>Ley Orgánica del Colegio de Veterinarios de Honduras, Artículo 12</i>) Regulation of the Organic Law of the College of Veterinarians of Honduras, Article 5 (<i>Reglamento de la Ley Orgánica del Colegio de Médicos Veterinarios de Honduras, Artículo 5</i>)
Description:	<u>Cross-Border Trade in Services</u> Foreign companies wishing to provide veterinary services in Honduras must be established under Honduran law. Foreign veterinarians may be subject to higher professional registration fees than those charged to Central American veterinarians.

Sector:	Microbiologists and Clinicians
Type of Reservation:	National Treatment (Article 11.3)
Level of Government:	Central
Measures:	Admission Regulations of the College of Microbiologists and Chemists, Articles 5, 6 and 8 (<i>Reglamento de Inscripción del Colegio de Microbiólogos y Químicos Clínicos. Artículos 5, 6 y 8</i>)
Description:	<u>Cross-Border Trade in Services</u> Foreign microbiologists and clinicians must pay a higher registration fee than Honduran microbiologists and clinicians.

Sector:	Notaries
Type of Reservation:	National Treatment (Article 11.3)
Level of Government:	Central
Measures:	Decree No. 353-2005 January 17, 2007, The Notaries Code, Article 7 (<i>Decreto No. 353-2005, 17 de enero de 2007, Código del Notariado, Artículo 7</i>)
Description:	<u>Cross-Border Trade in Services</u> Notaries must be Honduran by birth and obtain the notarial <i>exequatur</i> .

Sector:	Electrical Energy Services
Type of Reservation:	Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 158-94, Framework Law of the Electricity Sub-Sector, Article 23 (<i>Decreto No. 158-94, Ley Marco del Sub-Sector Eléctrico, Artículo 23</i>)
Description:	<u>Cross-Border Trade in Services</u>

In order to be established in Honduras and supply electrical energy distribution services, a company must be incorporated with registered stock.

Sector:	Telecommunications
Type of Reservation:	Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 44-2008 of 19 June 2008, Concession Agreement for the Provision of Personal Communications Services (PCS) in the Republic of Honduras <i>(Decreto No. 44-2008 del 19 de junio de 2008, Contrato de Concesión para la Prestación del Servicio de Comunicaciones Personales (PCS) en la República de Honduras)</i>
Description:	<u>Cross-Border Trade in Services</u> The National Telecommunications Commission (<i>Comisión Nacional de Telecomunicaciones</i> [CONATEL]) cannot authorize additional mobile telephony operators until December 2009. CONATEL will authorize at least one additional operator after that date.

Sector:	Public Accountants
Type of Reservation:	Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Decree No. 19-93, Organic Law of the College of University Professionals in Public Accounting, Article 23 <i>(Decreto No. 19-93, Ley Orgánica del Colegio de Profesionales Universitarios en Contaduría Pública, Artículo 23)</i>
Description:	<u>Cross-Border Trade in Services</u> Anyone wishing to provide public accountancy services in Honduras must be established under Honduran law.

Sector:	Architects
Type of Reservation:	Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Regulations of the College of Architects of Honduras, Article 7 (c) and (d) (<i>Reglamento Interno del Colegio de Arquitectos de Honduras, Artículo 7(c) y (d)</i>)
Description:	<p><u>Cross-Border Trade in Services</u></p> <p>Companies established under foreign law must designate a member of the College of Architects of Honduras [CAH] (<i>Colegio de Arquitectos de Honduras</i> [CAH]) as their representative before registering with the CAH to provide architectural services in Honduras. For greater certainty, companies established under foreign law may register only for specific projects.</p>

Sector:	Professional Services – Nurses
Type of Reservation:	National Treatment (Article 11.3) Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 90-99, Law for Professional Nursing Staff, July 21, 1999, Article 12 (<i>Decreto No. 90-99, Ley del Estatuto del Personal Profesional de Enfermería de Honduras, del 21 de Julio de 1999, Artículo 12</i>)
Description:	<u>Cross-Border Trade in Services</u> No more than 5% of the personnel hired by the employer may be foreign.

Sector: Professional Services – Physicians

Type of Reservation: National Treatment (Article 11.3)
Market Access (Article 11.6)

Level of Government: Central

Measures: Decree No. 167-95 Law for Staffing of Physicians dated October 9, 1985, Article 10 (*Decreto No. 167-95, Ley del Estatuto del Médico Empleado de fecha 9 de octubre de 1985, Artículo 10*)

Description: Cross-Border Services

Owners and employers must meet the following conditions:

1. At least 90% of the physicians hired or appointed must be Honduran by birth; this percentage will be calculated on the basis of the total number of physicians to be hired, appointed or contracted.
2. The Honduran physicians by birth must be paid at least 85% of all the salaries earned by the medical staff of the company, establishment or institution concerned.

Sector:	Professional Services – Medical and Dental
Type of Reservation:	National Treatment (Article 11.3) Market Access (Article 11.6)
Level of Government:	Central
Measures:	Decree No. 203-1993 of November 4, 1993, Occupational Law for Dental Surgeons, Chapter VI Section II, Article 7 (<i>Decreto No. 203-1993 del 4 de noviembre de 1993, Ley del Estatuto Laboral del Cirujano Dentista, Capítulo VI Sección II, Artículo 7</i>)
Description:	<u>Cross-Border Trade in Services</u> At least 80% of the dental surgeons hired or appointed on the dental staff must be Honduran, unless there is no professional with that specialization in Honduras.

Sector:	All the sectors
Type of Reservation:	National Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.8)
Level of Government:	Central
Measures:	As set out in the Description element
Description:	<u>Investment</u>

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

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

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