

ANNEX II

Schedule of Canada

Reservations for Future Measures

1. The Schedule of a Party sets out, under Article 10.9 (Investment – Reservations and Exceptions) and 11.7 (Cross-Border Trade in Services – Reservations), the reservations taken by that Party for 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 10.4 (Investment – National Treatment) or 11.3 (Cross-Border Trade in Services – National Treatment);
- (b) Article 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 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;
- (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, with the exception of Industry Classification, shall be considered. The **Description** element shall prevail over all other elements.

4. For purposes of this Annex:

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 Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980.

5. For the purposes of this Annex, the use of the term “any measure” by Honduras and “a measure” by Canada means one or more measures.

ANNEX II

Schedule of Canada

Sector:	Aboriginal Affairs
Sub-sector:	
Industry	
Classification:	
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) Performance Requirements (Article 10.7) Senior Management and Boards of Directors (Article 10.8)
Description:	<u>Investment and Cross-Border Trade in Services</u> Canada reserves the right to adopt or maintain a measure denying investors of Honduras and their investments, or service providers of Honduras, a right or preference provided to aboriginal peoples.
Existing Measures:	<i>Constitution Act, 1982</i> , being Schedule B of the <i>Canada Act 1982 (U.K.)</i> , 1982, c. 11

Sector: All sectors

Sub-sector:

Industry

Classification:

Type of Reservation: National Treatment (Article 10.4)

Description: Investment

Canada reserves the right to adopt or maintain a measure relating to residency requirements for the ownership of oceanfront land by investors of Honduras or their investments.

Existing Measures:

Sector: Communications

Sub-sector: Telecommunications Transport Networks and Services
Radiocommunications

Industry

Classification: CPC 752 Telecommunication Services

Type of Reservation: National Treatment (Article 10.4)
Senior Management and Boards of Directors (Article 10.8)

Description: Investment

1. Canada reserves the right to adopt or maintain a measure:

- (a) limiting foreign investment in facilities-based telecommunications service providers, provided that the measure adopted or maintained by Canada does not limit foreign investment to less than a cumulative total of 46.7% of voting shares, based on 20% direct investment and 33.3% indirect investment;
- (b) requiring that facilities-based telecommunications service providers be controlled in fact by a Canadian;
- (c) requiring that at least 80% of the members of the board of directors of facilities-based telecommunications service providers be Canadian; and

- (d) imposing restrictions on facilities-based telecommunications service providers that exceed the permissible cumulative foreign investment level on 22 July 1987 and continuing to exceed this level.
2. The following exceptions apply to this reservation:
- (a) foreign investment is allowed up to 100% for suppliers conducting operations under an international submarine cable licence;
 - (b) mobile satellite systems owned and controlled up to a level of 100% by a foreign service provider may be used by a Canadian service provider to provide services in Canada; and
 - (c) fixed satellite systems owned and controlled up to a level of 100% by foreign service providers may be used to provide services between points in Canada and all points outside of Canada.

Existing Measures:

Telecommunications Act, S.C. 1993, c. 38

*Canadian Telecommunications Common Carrier
Ownership and Control Regulations, SOR/94-667*

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

Radiocommunication Regulations, SOR/96-484

Sector:	Communications
Sub-sector:	Telecommunications Transport Networks and Services Radiocommunications Telecommunication Services
Industry	
Classification:	CPC 7529 Other telecommunication services CPC 7549 Other telecommunications services not elsewhere classified
Type of Reservation:	Local Presence (Article 11.5) National Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.8)
Description:	<u>Investment and Cross-Border Trade in Services</u> Canada reserves the right to adopt or maintain a measure relating to providing, or investing, in telecommunications services classified in CPC 7529, excluding mobile services, and CPC 7549.
Existing Measures:	<i>Radiocommunication Act</i> , R.S.C. 1985, c. R-2 <i>Radiocommunication Regulations</i> , SOR/96-484 <i>Telecommunications Act</i> , S.C. 1993, c. 38 <i>Canadian Telecommunications Common Carrier Ownership and Control Regulations</i> , SOR/94-667

Sector:	Communications
Sub-sector:	Telecommunications Transport Networks and Services
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 10.4)
Description:	<u>Investment</u> Canada reserves the right to adopt or maintain a measure that may limit competition in providing local wireline telephone services in the serving areas of Northwestel Inc.
Existing Measures:	<i>Telecommunications Act</i> , S.C. 1993, c. 38

Sector:	Fisheries
Sub-Sector:	Fishing and Fishing Related Services and Investment
Industry Classification:	<p>SIC 031 Fishing Industry</p> <p>SIC 032 Services Incidental to Fishing</p> <p>CPC 882 Services Incidental to Fishing</p>
Type of Reservation:	<p>National Treatment (Articles 10.4 and 11.3)</p> <p>Most-Favoured-Nation Treatment (Articles 10.5 and 11.4)</p>
Description:	<p><u>Investment and Cross-Border Trade in Services</u></p> <p>Canada reserves the right to adopt or maintain a measure with respect to issuing licenses to foreign fishing vessels and with respect to allowing foreign fishing vessels to access Canada's territory.</p>
Existing Measures:	<p><i>Fisheries Act</i>, R.S.C. 1985, c. F-14</p> <p><i>Coastal Fisheries Protection Act</i>, R.S.C. 1985, c. C-33</p> <p><i>Coastal Fisheries Protection Regulations</i>, C.R.C. 1978, c. 413</p> <p>Commercial Fisheries Licensing Policy</p> <p>Policy on Foreign Investment in the Canadian Fisheries Sector, 1985</p>

Sector:	Government Finance
Sub-sector:	Securities
Industry	
Classification:	SIC 8152 Finance and Economic Administration
Type of Reservation:	National Treatment (Article 10.4)
Description:	<u>Investment</u> Canada reserves the right to adopt or maintain a measure relating to the acquisition, sale or other disposition by nationals of Honduras of bonds, treasury bills or other kinds of debt securities issued by the Government of Canada or a Canadian sub-national government.
Existing Measures:	<i>Financial Administration Act</i> , R.S.C. 1985, c. F-11

Sector: Minority Affairs

Sub-sector:

Industry

Classification:

Type of Reservation: National Treatment (Articles 10.4 and 11.3)
Local Presence (Article 11.5)
Performance Requirements (Article 10.7)
Senior Management and Boards of Directors (Article 10.8)

Description: Investment and Cross-Border Trade in Services

Canada reserves the right to adopt or maintain a measure conferring rights or privileges to a socially or economically disadvantaged minority.

Existing Measures:

Sector: Social Services

Sub-sector:

Industry

Classification:

Type of Reservation: National Treatment (Articles 10.4 and 11.3)
Most-Favoured-Nation Treatment (Article 10.5 and 11.4)
Local Presence (Article 11.5)
Senior Management and Boards of Directors (Article 10.8)

Description: Investment and Cross-Border Trade in Services

Canada reserves the right to adopt or maintain a measure related to providing public law enforcement and correctional services, as well as 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:

Sector: Transportation

Sub-sector: Air Transportation

Industry

Classification: SIC 4523 Aircraft Servicing Industry
SIC 3211 Aircraft and Aircraft Parts Industry

Not CPC-defined: Aircraft repair and maintenance services,
as defined in the Cross-Border Trade in Services Chapter

Type of Reservation: Most-Favoured-Nation Treatment (Article 11.3)

Description: Cross-Border Trade in Services

Canada reserves the right to selectively negotiate agreements or arrangements with other aeronautical authorities or service providers, to recognize their accreditation of repair, overhaul and maintenance facilities and certification by those facilities of work performed on Canadian-registered aircraft and other related aeronautical products.

Existing Measures:

Sector:	Transportation
Sub-sector:	Air Transportation
Industry Classification:	SIC 451 Air Transport Industries
	Not CPC-defined: Selling and marketing of air transport services, as defined in the Cross-Border Trade in Services Chapter
Type of Reservation:	National Treatment (Article 11.3) Most-Favoured-Nation Treatment (Article 11.4) Local Presence (Article 11.5)
Description:	<u>Cross-Border Trade in Services</u> Canada reserves the right to adopt or maintain a measure relating to the selling and marketing of an air transportation service.
Existing Measures:	

Sector: Transportation

Sub-sector: Water Transportation

Industry

Classification:

SIC 4129	Other Heavy Construction
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)
CPC 52232	Constructions of Harbours, rivers, canals, and related facilities
CPC 721	Transportation services by sea-going vessels
CPC 722	Transportation services by non-sea-going vessels
CPC 74510	Port and waterway operation services (excl. cargo handling)
CPC 74520	Pilotage and berthing services
CPC 74590	Other supporting services for water transport

Other marine activities of a commercial nature, as set out in the **Description** section below.

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)
Performance Requirements (Article 10.7)
Senior Management and Boards of Directors (Article 10.8)

Description: Investment and Cross-Border Trade in Services

1. Canada reserves the right to adopt or maintain a measure relating to providing or investing in marine cabotage services, including:

- (a) transporting goods or passengers by ship between points in the territory of Canada or above the continental shelf of Canada, directly or by way of a place outside Canada. However, with respect to waters above the continental shelf of Canada, this applies to the transportation of goods or passengers only in relation to exploring, exploiting or transporting mineral or non-living natural resources of the continental shelf of Canada; and
- (b) engaging by ship in any other marine activity of a commercial nature in the territory of Canada and, with respect to waters above the continental shelf, in any other marine activities of a commercial nature that relate to exploring, exploiting or transporting mineral or non-living natural resources of the continental shelf of Canada.

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

Existing Measures:

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

Canada Shipping Act, 2001, S.C. 2001, c. 26

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
CPC 721	Transport services by sea-going vessels
CPC 722	Transport services by non-sea-going vessels
CPC 74510	Port and waterway operation services (excl. cargo handling)
CPC 74520	Pilotage and berthing services
CPC 74590	Other supporting services for water transport

Type of Reservation: Most-Favoured-Nation Treatment (Article 11.4)

Description:Cross-Border Trade in Services

Canada reserves the right to adopt or maintain a measure relating to the implementation of agreements, arrangements, or other formal or informal undertakings with other countries, with respect to maritime activities in waters of mutual interest in areas such 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:

Sector: All Sectors

Sub-sector:

Industry

Classification:

Type of Reservation: Most-Favoured-Nation Treatment (Article 10.5)

Description: Investment

1. Canada reserves the right to adopt or maintain a measure that accords differential treatment to countries under a bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.

2. Canada reserves the right to adopt or maintain a measure that accords differential treatment to a country pursuant to an existing or future bilateral or multilateral agreement relating to:

- (a) aviation;
- (b) fisheries; or
- (c) maritime matters, including salvage.

Existing Measures:

Sector: All sectors

Sub-sector:

Industry

Classification:

Type of Reservation: Market Access (Article 11.6)

Description: Cross-Border Trade in Services

Canada reserves the right to adopt or maintain a measure that is not inconsistent with Canada's obligations under Article XVI of the GATS.

Existing Measures: