Draft
Subject to Legal Review for Accuracy, Clarity, and Consistency
March 31, 2004

ANNEX I
SERVICES/INVESTMENT NON-CONFORMING MEASURES

1. The Schedule of a Party to this Annex sets out, pursuant to Articles 10.12 (Non-Conforming Measures) and 11.6 (Non-Conforming Measures), a Party's existing measures that are not subject to some or all of the obligations imposed by:

(a) Article 10.3 or 11.2 (National Treatment);

(b) Article 10.4 or 11.3 (Most-Favored-Nation Treatment);

(c) Article 11.5 (Local Presence);

(d) Article 10.8 (Performance Requirements);

(e) Article 10.9 (Senior Management and Boards of Directors); or

(f) Article 11.4 (Market Access).

2. Each Schedule entry sets out the following elements:

(a) **Sector** refers to the sector for which the entry is made;

(b) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 10.12.1(a) (Non-Conforming Measures) and 11.6.1(a) (Non-Conforming Measures), do not apply to the listed measure(s);

(c) **Level of Government** indicates the level of government maintaining the listed measure(s);

(d) **Measures** identifies the laws, regulations, or other measures for which the entry is made. 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;

(e) **Description**, for Morocco, sets out the non-conforming aspects of the measure for which the entry is made; and **Description**, for the United States, provides a general, nonbinding, description of the **Measures**.

3. In accordance with Article 10.12.1(a) (Non-Conforming Measures) and 11.6.1(a) (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the law, regulation, or other measure identified in the **Description** (for Morocco) or **Measures** (for the United States) element of that entry.

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 Schedule entry for that measure taken with respect to Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), or 11.5 (Local Presence) shall operate as a Schedule entry with respect to Article 10.3 (National Treatment), 10.4 (Most-Favored-Nation Treatment), or 10.8 (Performance Requirements) to the extent of that measure.

5. For greater certainty, an annex entry taken with respect to Article 11.4 shall apply to the cross-border supply of a service and to the supply of a service in the Party's territory by an investor of the other Party or a covered investment unless the text of the **Description** element provides otherwise. It is not necessary to reference "investment" in the heading of the **Description** element for the annex entry to apply in this manner.