

DRAFT
Subject to Legal Review for Accuracy, Clarity, and Consistency
January 28, 2004

Explanatory Note

1. The Schedule of a Party of this Annex sets out, pursuant to Articles 10.13 (Investment Non-Conforming Measures) and 11.6 (Services Non-Conforming Measures), the specific sectors, sub-sectors, or activities for which that Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Articles 10.3 or 11.2 (Investment and Services National Treatment);
- (b) Articles 10.4 or 11.3 (Investment and Services Most-Favored-Nation Treatment);
- (c) Article 11.5 (Services Local Presence)
- (d) Article 10.9 (Investment Performance Requirements);
- (e) Article 10.13 (Investment Senior Management and Boards of Directors);
or
- (f) Article 11.4 (Services 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 10.13 (Investment Non-Conforming Measures) and 11.6 (Services Non-Conforming Measures), do not apply to the sectors, subsectors, or activities listed in the entry;
- (c) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry; and
- (d) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Article 10.13 (Investment Non-Conforming Measures) and 11.6 (Services Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.