

Annex 8
referred to in Chapter 10

Reservations for Measures referred to
in Paragraph 1 of Article 10.8

Part 1
Schedule of Japan

1. The Schedule of Japan sets out, in accordance with paragraph 1 of Article 10.8, the reservations taken by Japan with respect to existing measures that do not conform with obligations imposed by:

- (a) Article 10.3;
- (b) Article 10.4; or
- (c) Article 10.7.

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, and only for transparency purposes, to the activity covered by the reservation according to domestic or international industry classification codes;
- (d) "Type of Reservation" specifies the obligations referred to in paragraph 1 for which the reservation is taken;
- (e) "Measures" identifies the existing laws, regulations or other measures 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; and
- (f) "Description" sets out, with respect to the obligations referred to in paragraph 1, the non-conforming aspects of the existing measures for which the reservation is taken.

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 Chapter 10 against which the reservation is taken. The "Measures" element shall prevail over all the other elements.

4. For the purposes of this Annex, "JSIC" means Japan Standard Industrial Classification set out by the Ministry of Internal Affairs and Communications, and revised on October 30, 2013.

1 Sector: Agriculture, Forestry and Fisheries
(Plant Breeder's Right)

Sub-Sector:

Industry Classification: JSIC 0119 Miscellaneous crop farming

JSIC 0243 Forest tree saplings nursery services

JSIC 0413 Seaweed aquaculture

JSIC 0415 Seed aquaculture

Type of Reservation: National Treatment (Article 10.3)

Most-Favored-Nation Treatment (Article 10.4)

Measures: Seeds and Seedlings Law (Law No. 83 of 1998), Article 10

Description: A foreign person who has neither a domicile nor residence (nor the place of business, in the case of a legal person) in Japan cannot enjoy a plant breeder's right or related rights except in any of the following cases:

(a) where the country of which the person is a national or the country in which the person has a domicile or residence (or its place of business, in the case of a legal person) is a contracting party to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972, on October 23, 1978, and on March 19, 1991;

- (b) where the country of which the person is a national or the country in which the person has a domicile or residence (or its place of business, in the case of a legal person) is a contracting party to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972, and on October 23, 1978 (hereinafter referred to in this Annex as "the 1978 UPOV Convention"), or a country in relation with which Japan shall apply the 1978 UPOV Convention in accordance with paragraph (2) of Article 34 of the 1978 UPOV Convention, and further provides the protection for plant genus and species to which the person's applied variety belongs; or
- (c) where the country of which the person is a national provides Japanese nationals with the protection of varieties under the same condition as its own nationals (including a country which provides such protection for Japanese nationals under the condition that Japan allows enjoyment of the plant breeder's right or related rights for the nationals of that country), and further provides the protection for plant genus and species to which the person's applied variety belongs.

2	Sector:	Finance	
	Sub-Sector:	Banking	
	Industry Classification:	JSIC 622	Banks, except central bank
		JSIC 631	Financial institutions for small businesses
	Type of Reservation:	National Treatment (Article 10.3)	
	Measures:	Deposit Insurance Law (Law No. 34 of 1971), Article 2	
	Description:	<p>The deposit insurance system only covers financial institutions which have their head offices within the jurisdiction of Japan.</p> <p>The deposit insurance system does not cover deposits taken by branches of foreign banks.</p>	

3 Sector: Heat Supply

Sub-Sector:

Industry JSIC 3511 Heat supply
Classification:

Type of National Treatment (Article 10.3)
Reservation:

Measures: Foreign Exchange and Foreign
Trade Law (Law No. 228 of 1949),
Article 27

Cabinet Order on Foreign Direct
Investment (Cabinet Order No. 261 of
1980), Article 3

Description: The prior notification requirement
under the Foreign Exchange and
Foreign Trade Law applies to foreign
investors who intend to make
investments in heat supply industry
in Japan.

4 Sector:	Information and Communications	
Sub-Sector:	Telecommunications	
Industry Classification:	JSIC 3700	Head offices primarily engaged in managerial operations
	JSIC 3711	Regional telecommunications, except wired broadcast telephones
	JSIC 3731	Services incidental to telecommunications
Type of Reservation:	National Treatment (Article 10.3) Prohibition of Performance Requirements (Article 10.7)	
Measures:	Law Concerning Nippon Telegraph and Telephone Corporation, etc. (Law No. 85 of 1984), Articles 6 and 10	
Description:	<p>1. Nippon Telegraph and Telephone Corporation may not enter the name and address in its register of shareholders if the aggregate of the ratio of the voting rights directly and/or indirectly held by the persons set forth in subparagraphs (a) through (c) reaches or exceeds one third:</p> <p>(a) a natural person who does not have Japanese nationality;</p> <p>(b) a foreign government or its representative; and</p> <p>(c) a foreign legal person or a foreign entity.</p>	

2. Any natural person who does not have Japanese nationality may not assume the office of director or auditor of Nippon Telegraph and Telephone Corporation, Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation.

5 Sector: Information and Communications

Sub-Sector: Telecommunications and Internet Based Services

Industry Classification: JSIC 3711 Regional telecommunications, except wired broadcast telephones

JSIC 3712 Long-distance telecommunications

JSIC 3719 Miscellaneous fixed telecommunications

JSIC 3721 Mobile telecommunications

JSIC 401 Services incidental to Internet

Note: The activities covered by the reservation under JSIC 3711, 3712, 3719, 3721 or 401 are limited to the activities which are subject to the registration obligation under Article 9 of the Telecommunications Business Law (Law No. 86 of 1984).

Type of Reservation: National Treatment (Article 10.3)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in telecommunications business and internet based services in Japan.

6 Sector: Manufacturing

Sub-Sector: Drugs and Medicines Manufacturing

Industry Classification: JSIC 1653 Biological preparations

Type of Reservation: National Treatment (Article 10.3)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in biological preparations manufacturing industry in Japan. For greater certainty, "biological preparations manufacturing industry" deals with economic activities in an establishment which mainly produces vaccine, serum, toxoid, antitoxin and some preparations similar to the aforementioned products, or blood products.

7 Sector:	Manufacturing	
Sub-Sector:	Leather and Leather Products Manufacturing	
Industry Classification:	JSIC 1189	Textile apparel and accessories, n.e.c.
	JSIC 1694	Gelatine and adhesives
	JSIC 192	Rubber and plastic footwear and its findings
	JSIC 2011	Leather tanning and finishing
	JSIC 2021	Mechanical and industrial leather products, except gloves and mittens
	JSIC 2031	Cut stock and findings for leather footwear
	JSIC 2041	Leather footwear
	JSIC 2051	Leather gloves and mittens
	JSIC 2061	Baggage
	JSIC 207	Handbags and small cases
	JSIC 2081	Fur skins
	JSIC 2099	Miscellaneous tanning leather products
	JSIC 3253	Sporting and athletic goods

Note 1: The activities covered by the reservation under JSIC 1189 or 3253 are limited to the activities related to leather and leather products manufacturing.

Note 2: The activities covered by the reservation under JSIC 1694 are limited to the activities related to animal glue (nikawa) and gelatine manufacturing.

Type of
Reservation:

National Treatment (Article 10.3)

Measures:

Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description:

The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in leather and leather products manufacturing industry in Japan.

8 Sector: Matters Related to the Nationality
of a Ship

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 10.3)
Prohibition of Performance
Requirements (Article 10.7)

Measures: Ship Law (Law No. 46 of 1899),
Article 1

Description: The Japanese nationality shall be
given to a ship whose owner is a
Japanese national, or a company
established under Japanese laws and
regulations, of which all the
representatives and not less than
two-thirds of the executives
administering the affairs are
Japanese nationals.

9 Sector: Mining

Sub-Sector:

Industry Classification: JSIC 05 Mining and quarrying of stone and gravel

Type of Reservation: National Treatment (Article 10.3)

Measures: Mining Law (Law No. 289 of 1950), Chapters 2 and 3

Description: Only a Japanese national or a Japanese legal person may have mining rights or mining lease rights.

10 Sector: Oil Industry

Sub-Sector:

Industry Classification:	JSIC 053	Crude petroleum and natural gas production
	JSIC 1711	Petroleum refining
	JSIC 1721	Lubricating oils and greases (not made in petroleum refineries)
	JSIC 1741	Paving materials
	JSIC 1799	Miscellaneous petroleum and coal products
	JSIC 4711	Ordinary warehousing, except refrigerated warehousing
	JSIC 4721	Refrigerated warehousing
	JSIC 5331	Petroleum
	JSIC 6051	Gasoline stations
	JSIC 6052	Fuel stores, except gasoline stations
	JSIC 9299	Miscellaneous business services, n.e.c.

Note 1: The activities covered by the reservation under JSIC 1741, 1799, 4711, 4721 or 6052 are limited to those related to oil industry.

Note 2: The activities covered by the reservation under JSIC 9299 are limited to those related to liquefied petroleum gas industry.

Type of
Reservation: National Treatment (Article 10.3)

Measures: Foreign Exchange and Foreign
Trade Law (Law No. 228 of 1949),
Article 27

Cabinet Order on Foreign Direct
Investment (Cabinet Order No. 261 of
1980), Article 3

Description: The prior notification requirement
under the Foreign Exchange and
Foreign Trade Law applies to foreign
investors who intend to make
investments in oil industry in
Japan. All organic chemicals such as
ethylene, ethylene glycol and
polycarbonates are outside the scope
of oil industry. Therefore, the
prior notification under the Foreign
Exchange and Foreign Trade Law is
not required for investments in the
manufacture of these products.

11 Sector: Agriculture, Forestry and Fisheries, and Related Services (except Fisheries within the Territorial Sea, Internal Waters, Exclusive Economic Zone and Continental Shelf provided for in the reservation No. 7 in the Schedule of Japan in Annex 9)

Sub-Sector:

Industry Classification:	JSIC 01	Agriculture
	JSIC 02	Forestry
	JSIC 03	Fisheries, except aquaculture
	JSIC 04	Aquaculture
	JSIC 6324	Agricultural cooperatives
	JSIC 6325	Fishery and fishery processing cooperatives
	JSIC 871	Agriculture, forestry and fisheries cooperative associations, n.e.c.

Type of Reservation: National Treatment (Article 10.3)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in agriculture, forestry and fisheries, and related services (except fisheries within the territorial sea, internal waters, exclusive economic zone and continental shelf provided for in the reservation No. 7 in the Schedule of Japan in Annex 9) in Japan.

12 Sector: Security Guard Services

Sub-Sector:

Industry JSIC 923 Guard services
Classification:

Type of National Treatment (Article 10.3)
Reservation:

Measures: Foreign Exchange and Foreign
Trade Law (Law No. 228 of 1949),
Article 27

Cabinet Order on Foreign Direct
Investment (Cabinet Order No. 261 of
1980), Article 3

Description: The prior notification requirement
under the Foreign Exchange and
Foreign Trade Law applies to foreign
investors who intend to make
investments in security guard
services in Japan.

13	Sector:	Transport
	Sub-Sector:	Air Transport
	Industry Classification:	JSIC 4600 Head offices primarily engaged in managerial operations JSIC 4611 Air transport
	Type of Reservation:	National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4) Prohibition of Performance Requirements (Article 10.7)
	Measures:	Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3 Civil Aeronautics Law (Law No. 231 of 1952), Chapters 7 and 8
	Description:	<ol style="list-style-type: none"> 1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in air transport businesses in Japan. 2. Permission of the Minister of Land, Infrastructure, Transport and Tourism for conducting air transport businesses as a Japanese air carrier is not granted to the following natural persons or entities applying for the permission: <ol style="list-style-type: none"> (a) a natural person who does not have Japanese nationality;

- (b) a foreign country, or a foreign public entity or its equivalent;
- (c) a legal person or other entity constituted under the laws of any foreign country; and
- (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

In the event an air carrier falls into a natural person or an entity referred to in subparagraphs (a) through (d), the permission will lose its effect. The conditions for the permission also apply to companies, such as holding companies, which have substantial control over the air carriers.

3. A Japanese air carrier or the company having substantial control over such air carrier, such as a holding company, may reject the request from a natural person or an entity set forth in subparagraphs 2(a) through (c), who owns equity investments in such air carrier or company, to enter its name and address in the register of shareholders, in the event such air carrier or company falls into a legal person referred to in subparagraph 2(d) by accepting such request.

4. Foreign air carriers are required to obtain permission of the Minister of Land, Infrastructure, Transport and Tourism to conduct international air transport business.

5. Permission of the Minister of Land, Infrastructure, Transport and Tourism is required for the use of foreign aircraft for air transportation of passengers or cargoes to and from Japan for remuneration.

6. A foreign aircraft may not be used for a flight between points within Japan.

14 Sector: Transport

Sub-Sector: Air Transport

Industry Classification: JSIC 4600 Head offices primarily engaged in managerial operations

JSIC 4621 Aircraft service, except air transport

Type of Reservation: National Treatment (Article 10.3)

Prohibition of Performance Requirements (Article 10.7)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Civil Aeronautics Law (Law No. 231 of 1952), Chapters 7 and 8

Description: 1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in aerial work business in Japan.

2. Permission of the Minister of Land, Infrastructure, Transport and Tourism for conducting aerial work business is not granted to the following natural persons or entities applying for the permission:

(a) a natural person who does not have Japanese nationality;

- (b) a foreign country, or a foreign public entity or its equivalent;
- (c) a legal person or other entity constituted under the laws of any foreign country; and
- (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

In the event a person conducting aerial work business falls into a natural person or an entity referred to in subparagraphs (a) through (d), the permission will lose its effect. The conditions for the permission also apply to companies, such as holding companies, which have substantial control over the person conducting aerial work business.

3. A foreign aircraft may not be used for a flight between points within Japan.

15 Sector: Transport

Sub-Sector: Air Transport (Registration of Aircraft in the National Register)

Industry Classification:

Type of Reservation: National Treatment (Article 10.3)
Prohibition of Performance Requirements (Article 10.7)

Measures: Civil Aeronautics Law (Law No. 231 of 1952), Chapter 2

Description: 1. An aircraft owned by any of the following natural persons or entities may not be registered in the national register:

- (a) a natural person who does not have Japanese nationality;
- (b) a foreign country, or a foreign public entity or its equivalent;
- (c) a legal person or other entity constituted under the laws of any foreign country; and
- (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

2. A foreign aircraft may not be registered in the national register.

16 Sector: Transport

Sub-Sector: Freight Forwarding Business
(excluding freight forwarding
business using air transportation)

Industry Classification: JSIC 4441 Collect-and-deliver
freight transport

JSIC 4821 Freight transport,
except collect-and-
deliver freight
transport

Type of Reservation: National Treatment (Article 10.3)

Most-Favored-Nation Treatment
(Article 10.4)

Prohibition of Performance
Requirements (Article 10.7)

Measures: Freight Forwarding Business Law
(Law No. 82 of 1989), Chapters 2
through 4

Enforcement Regulation of Freight
Forwarding Business Law (Ministerial
Ordinance of the Ministry of
Transport No. 20 of 1990)

Description: The following natural persons or
entities are required to be
registered with, or to obtain
permission or approval of, the
Minister of Land, Infrastructure,
Transport and Tourism for conducting
freight forwarding business using
international shipping. Such
registration shall be made, or such
permission or approval shall be
granted, on the basis of
reciprocity:

(a) a natural person who does not
have Japanese nationality;

- (b) a foreign country, or a foreign public entity or its equivalent;
- (c) a legal person or other entity constituted under the laws of any foreign country; and
- (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

17 Sector: Transport

Sub-Sector: Freight Forwarding Business (only freight forwarding business using air transportation)

Industry Classification: JSIC 4441 Collect-and-deliver freight transport

JSIC 4821 Freight transport, except collect-and-deliver freight transport

Type of Reservation: National Treatment (Article 10.3)

Most-Favored-Nation Treatment (Article 10.4)

Prohibition of Performance Requirements (Article 10.7)

Measures: Freight Forwarding Business Law (Law No. 82 of 1989), Chapters 2 through 4

Enforcement Regulation of Freight Forwarding Business Law (Ministerial Ordinance of the Ministry of Transport No. 20 of 1990)

Description: 1. The following natural persons or entities may not conduct freight forwarding business using air transportation between points within Japan:

- (a) a natural person who does not have Japanese nationality;
- (b) a foreign country, or a foreign public entity or its equivalent;
- (c) a legal person or other entity constituted under the laws of any foreign country; and

(d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

2. The natural persons or entities referred to in subparagraphs 1(a) through (d) are required to be registered with, or to obtain permission or approval of, the Minister of Land, Infrastructure, Transport and Tourism for conducting freight forwarding business using international air transportation. Such registration shall be made, or such permission or approval shall be granted, on the basis of reciprocity.

18 Sector: Transport

Sub-Sector: Railway Transport

Industry Classification: JSIC 421 Railway transport
 JSIC 4851 Railway facilities services

Type of Reservation: National Treatment (Article 10.3)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in railway transport industry in Japan. The manufacture of vehicles or parts and components for railway transport industry is not included in railway transport industry. Therefore, the prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.

19 Sector: Transport

Sub-Sector: Road Passenger Transport

Industry Classification: JSIC 4311 Common omnibus operators

Type of Reservation: National Treatment (Article 10.3)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in common omnibus industry in Japan. The manufacture of vehicles or parts and components for common omnibus industry is not included in common omnibus industry. Therefore, the prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.

20 Sector: Transport

Sub-Sector: Water Transport

Industry Classification: JSIC 452 Coastwise transport
 JSIC 453 Inland water transport
 JSIC 4542 Coastwise ship leasing

Type of Reservation: National Treatment (Article 10.3)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in water transport industry in Japan. For greater certainty, "water transport industry" refers to oceangoing/seagoing transport, coastwise transport (i.e. maritime transport between ports within Japan), inland water transport and ship leasing industry. However, oceangoing/seagoing transport industry and ship leasing industry excluding coastwise ship leasing industry are exempted from the prior notification requirement.

21 Sector: Transport

Sub-Sector: Water Transport

Industry
Classification:

Type of
Reservation: National Treatment (Article 10.3)
Most-Favored-Nation Treatment
(Article 10.4)

Measures: Ship Law (Law No. 46 of 1899),
Article 3

Description: Unless otherwise specified in the
laws and regulations of Japan, or
international agreements to which
Japan is a party, ships not flying
the Japanese flag are prohibited
from entering ports in Japan which
are not open to foreign commerce and
from carrying cargoes or passengers
between ports in Japan.

22 Sector: Water Supply and Waterworks

Sub-Sector:

Industry Classification: JSIC 3611 Water for end users,
except industrial users

Type of Reservation: National Treatment (Article 10.3)

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in water supply and waterworks industry in Japan.

Part 2
Schedule of Mongolia

1. The Schedule of Mongolia sets out, in accordance with paragraph 1 of Article 10.8, the reservations taken by Mongolia with respect to existing measures that do not conform with obligations imposed by:

- (a) Article 10.3;
- (b) Article 10.4; or
- (c) Article 10.7.

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) "Type of Reservation" specifies the obligations referred to in paragraph 1 for which the reservation is taken;
- (d) "Measures" identifies the existing laws, regulations or other measures 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; and
- (e) "Description" sets out, with respect to the obligations referred to in paragraph 1, the non-conforming aspects of the existing measures for which the reservation is taken.

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 Chapter 10 against which the reservation is taken. The "Measures" element shall prevail over all the other elements.

1 Sector: All Sectors

Sub-Sector:

Type of Reservation: National Treatment (Article 10.3)

Measures: Land Law of June 7, 2002, Articles 5, 6 and 44

Law on Allocation of Land to Mongolian Citizens for Ownership of June 27, 2002, Articles 28 and 29

Law on Specially Protected Territory of November 15, 1994, Article 3

Law on Cultivation of April 22, 2004, Article 15

Description: Foreign natural or legal persons are not allowed to own land in Mongolia. However, they may lease one for periods of up to 60 years. The exact duration of the lease shall be determined by contract and subject to the relevant laws and regulations.

2 Sector: Mining

Sub-Sector:

Type of
Reservation: National Treatment (Article 10.3)

Measures: Investment Law of October 3, 2013,
Articles 21 and 22

Description: A foreign state-owned enterprise
that intends to hold 33% or more of
total shares of an entity operating
in the mining sector of Mongolia, is
required to obtain a prior approval
in accordance with the Investment
Law.

3	Sector:	Finance
	Sub-Sector:	Banking and Other Financial Services – Other Credit Granting Services and Financial Leasing Services
	Type of Reservation:	National Treatment (Article 10.3) Prohibition of Performance Requirements (Article 10.7)
	Measures:	Banking Law of January 28, 2010, Article 22 Investment Law of October 3, 2013, Articles 21 and 22
	Description:	<p>1. A foreign investor or foreign bank that intends to operate in the above-mentioned sub-sector of Mongolia as an operator, or open a branch or representative office is required to obtain a prior approval from the Mongol Bank.</p> <p>2. (a) A foreign state-owned enterprise that intends to hold 33% or more of total shares of an entity operating in the banking sector of Mongolia, is required to obtain a prior approval in accordance with the Investment Law.</p> <p style="padding-left: 40px;">(b) When granting the approval to the foreign state-owned enterprise in the case provided in Article 21 of the Investment Law, the relevant authority may impose performance requirements referred to in Article 10.7 as conditions for the approval.</p>

4 Sector: Telecommunications and Broadcasting

Sub-Sector:

Type of
Reservation: National Treatment (Article 10.3)
Prohibition of Performance
Requirements (Article 10.7)

Measures: Investment Law of October 3, 2013,
Articles 21 and 22

Description: 1. A foreign state-owned
enterprise that intends to hold 33%
or more of total shares of an entity
operating in the telecommunications
and broadcasting sector of Mongolia,
is required to obtain a prior
approval in accordance with the
Investment Law.

2. When granting the approval to
the foreign state-owned enterprise
in the case provided in Article 21
of the Investment Law, the relevant
authority may impose performance
requirements referred to in Article
10.7 as conditions for the approval.

5 Sector: Media

Sub-Sector:

Type of
Reservation: National Treatment (Article 10.3)
Prohibition of Performance
Requirements (Article 10.7)

Measures: Investment Law of October 3, 2013,
Articles 21 and 22

Description: 1. A foreign state-owned
enterprise that intends to hold 33%
or more of total shares of an entity
operating in the media sector of
Mongolia, is required to obtain a
prior approval in accordance with
the Investment Law.

2. When granting the approval to
the foreign state-owned enterprise
in the case provided in Article 21
of the Investment Law, the relevant
authority may impose performance
requirements referred to in Article
10.7 as conditions for the approval.

6 Sector: Finance

Sub-Sector: Insurance

Non-Banking

Investment Fund

Type of Reservation: National Treatment (Article 10.3)

Prohibition of Performance Requirements (Article 10.7)

Measures: Insurance Law of April 30, 2004, Articles 14 and 54

Law on Investment Fund of October 3, 2013, Article 43

Investment Law of October 3, 2013, Articles 21 and 22

Description: 1. A foreign entity that intends to establish insurance or investment fund business in Mongolia through a branch, a representative office or a Mongolian entity, is required to obtain permission from the Financial Regulatory Committee.

2. (a) A foreign state-owned enterprise that intends to hold 33% or more of total shares of an entity operating in the insurance, non-banking or investment fund sector of Mongolia, is required to obtain a prior approval in accordance with the Investment Law.

- (b) When granting the approval to the foreign state-owned enterprise in the case provided in Article 21 of the Investment Law, the relevant authority may impose performance requirements referred to in Article 10.7 as conditions for the approval.

7 Sector: Finance

Sub-Sector: Savings and Loan Cooperatives

Type of Reservation: National Treatment (Article 10.3)

Measures: Law on Savings and Loan Cooperatives of October 27, 2011, Article 5

Description: A foreign natural person, foreign legal person or foreign entity is prohibited from operating or establishing business activities in the area of savings and loan cooperatives.

8 Sector: Petroleum

Sub-Sector:

Type of Reservation: Prohibition of Performance Requirements (Article 10.7)

Measures: Law on Petroleum of July 1, 2014, Articles 5, 7 and 33

Law on Petroleum Products of July 1, 2005, Article 7

Description: A foreign investor that intends to operate in the petroleum sector of Mongolia is required to obtain permissions from the relevant authorities and enter into a production sharing agreement which may contain performance requirements referred to in Article 10.7.

A foreign legal entity that controls more than 30% of the total imports of petroleum products in Mongolia, is prohibited from locally distributing and/or selling its products through a company in which it invests and/or any legal entity which it controls or in which it has participation interest.

9 Sector: All Sectors

Sub-Sector:

Type of Reservation: Prohibition of Performance Requirements (Article 10.7)

Measures: Law on Sending Labor Force Abroad and Receiving Labor Force and Specialists from Abroad of April 12, 2001, Article 8

Description: The relevant authority may issue labor permit for foreign employees within the limits of the quota adopted by the Government every year.

10 Sector: All Sectors

Sub-Sector:

Type of
Reservation: National Treatment (Article 10.3)

Measures: Investment Law of October 3, 2013,
Article 3.1.5

Description: Minimum investment threshold for
each foreign investor who invests in
Mongolia by holding 25% or more of
interest in a legal entity shall be
USD 100,000.

11 Sector: All Sectors

Sub-Sector:

Type of Reservation: National Treatment (Article 10.3)

Measures: Law on Environmental Impact Assessment of May 17, 2012, Article 8

Description: Only a Mongolian entity other than a foreign owned domestic company can conduct a detailed environmental impact assessment.

12 Sector: All Sectors

Sub-Sector: Explosive Industry

Type of Reservation: National Treatment (Article 10.3)

Measures: Law on Controlling Movement of Explosive Substances and Blasting Instruments of January 31, 2013, Article 11

Description: The shareholding of foreign investors in an entity which is allowed to manufacture explosive substances and blasting instruments in Mongolia shall be less than 49% of total shares of the legal entity.

13 Sector: Hunting

Sub-Sector:

Type of
Reservation: National Treatment (Article 10.3)

Measures: Law on Charges for the Usage of
Natural Resources of May 17, 2012,
Article 17

Description: Foreigners shall be treated
differently from Mongolian nationals
in terms of charges and fees for
hunting wild animals.

14 Sector: Collection of Natural Plants

Sub-Sector:

Type of
Reservation: National Treatment (Article 10.3)

Measures: Law on Natural Plants of April 11,
1995, Article 17

Description: Foreign citizens, foreign legal
entities and foreign organizations
are prohibited from harvesting and
picking natural plants for any
purposes.

15 Sector: Water Research

Sub-Sector:

Type of
Reservation: National Treatment (Article 10.3)

Measures: Law on Water of May 17, 2012,
Article 5

Description: Foreign citizens and foreign legal
entities are prohibited from
conducting any water and water
related environmental researches in
a water reservoir without an
approval from the relevant
authority.

16 Sector: Trading of Agricultural Products

Sub-Sector:

Type of
Reservation: National Treatment (Article 10.3)

Measures: Law on Agricultural Products and Raw
Material Exchange of June 2, 2011,
Article 10

Description: Foreign citizens and foreign legal
persons are allowed to participate
in trading at the exchange of
agricultural and husbandry products
only through intermediation of a
permanent member of the exchange
market.

17 Sector: Energy

Sub-Sector: Nuclear Energy

Type of Reservation: Prohibition of Performance Requirements (Article 10.7)

Measures: Law on Nuclear Energy of July 16, 2009, Article 5

Description: The Government of Mongolia owns no less than 51% of the outstanding shares of a company established for the purposes of exploitation of a radioactive mineral reserve that was explored and proved by a state fund. An investor who holds shareholdings in such company may be imposed performance requirements referred to in Article 10.7.

18 Sector: Manufacture

Sub-Sector: Tannery and Leather Processing Industry

Type of Reservation: Prohibition of Performance Requirements (Article 10.7)

Measures: Parliament Resolution (No. 74 of 2012)

Government Resolution (No. 48 of 2013)

Description: Investors are required to process raw skins and hides in the places in Mongolia specified by the relevant authorities.