

**AGREEMENT
BETWEEN
CANADA
AND
THE REPUBLIC OF PERU
FOR THE PROMOTION AND PROTECTION OF INVESTMENTS**

CANADA AND THE REPUBLIC OF PERU, hereinafter referred to as the "Parties",

RECOGNIZING that the promotion and the protection of investments of investors of one Party in the territory of the other Party will be conducive to the stimulation of mutually beneficial business activity, to the development of economic cooperation between them and to the promotion of sustainable development,

HAVE AGREED AS FOLLOWS:



SECTION A - DEFINITIONS

ARTICLE 1

Definitions

For the purpose of this Agreement:

administrative ruling of general application means an administrative ruling or interpretation that applies to all persons and fact situations that fall generally within its ambit and that establishes a norm of conduct, but does not include:

- (i) a determination or ruling made in an administrative or quasi-judicial proceeding that applies to a particular person, good or service of the other Party in a specific case; or
- (ii) a ruling that adjudicates with respect to a particular act or practice.

affiliate a person is an affiliate of another person when:

- (i) directly or indirectly, it controls or is controlled by that other person; or
- (ii) it and the other person are both controlled, directly or indirectly, by the same person;

Commission means the body established by the Parties under Article 50;

confidential information means business confidential information and information that is privileged or otherwise protected from disclosure;

covered investment means, with respect to a Party, an investment in its territory of an investor of the other Party existing on the date of entry into force of this Agreement, as well as investments made or acquired thereafter;

cultural industries means persons engaged in any of the following activities:

- (i) the publication, distribution, or sale of books, magazines, periodicals or newspapers in print or machine readable form but not including the sole activity of printing or typesetting any of the foregoing;
- (ii) the production, distribution, sale or exhibition of film or video recordings;
- (iii) the production, distribution, sale or exhibition of audio or video music recordings;
- (iv) the publication, distribution, sale or exhibition of music in print or machine readable form; or
- (v) radio communications in which the transmissions are intended for direct reception by the general public, and all radio, television or cable broadcasting undertakings and all satellite programming and broadcast network services.

days means calendar days, including weekends and holidays;

designate means to establish, designate or authorize, or to expand the scope of a monopoly to an additional good or service after the date of entry into force of the Agreement;

disputing investor means an investor that makes a claim under Section C;

disputing Party means a Party against which a claim is made under Section C;



disputing party means the disputing investor or the disputing Party;

enterprise means:

- (i) any entity constituted or organized under applicable law, whether or not for profit, whether privately-owned or governmentally-owned, including any corporation, trust, partnership, sole proprietorship, joint venture or other association; and
- (ii) a branch of any such entity;

enterprise of a Party means an enterprise constituted or organized under the law of a Party, and a branch located in the territory of a Party and carrying out business activities there;

equity or debt securities includes voting and non-voting shares, bonds, convertible debentures, stock options and warrants;

existing means in effect on the date of entry into force of this Agreement;

financial institution means any financial intermediary or other enterprise that is authorized to do business and regulated or supervised as a financial institution under the law of the Party in whose territory it is located;

financial service means a service of a financial nature, including insurance, and a service incidental or auxiliary to a service of a financial nature;

government monopoly means a monopoly that is owned, or controlled through ownership interests, by the national government of a Party or by another such monopoly;

ICSID means the International Centre for Settlement of Investment Disputes;

ICSID Convention means the *Convention on the Settlement of Investment Disputes between States and Nationals of other States*, done at Washington, March 18, 1965;

intellectual property rights means copyright and related rights, trademark rights, rights in geographical indications, rights in industrial designs, patent rights, rights in layout designs of integrated circuits, rights in relation to protection of undisclosed information, and plant breeders' rights.

Inter-American Convention means the *Inter-American Convention on International Commercial Arbitration*, done at Panama, January 30, 1975;

investment means:

- (I) an enterprise;
- (II) an equity security of an enterprise;



(III) a debt security of an enterprise

- (i) where the enterprise is an affiliate of the investor, or
- (ii) where the original maturity of the debt security is at least three years,

but does not include a debt security, regardless of original maturity, of a state enterprise;

(IV) a loan to an enterprise

- (i) where the enterprise is an affiliate of the investor, or
- (ii) where the original maturity of the loan is at least three years,

but does not include a loan, regardless of original maturity, to a state enterprise;

(V) (i) notwithstanding subparagraphs (III) and (IV) above, a loan to or debt security issued by a financial institution is an investment only where the loan or debt security is treated as regulatory capital by the Party in whose territory the financial institution is located, and

- (ii) a loan granted by or debt security owned by a financial institution, other than a loan to or debt security of a financial institution referred to in (i), is not an investment;

for greater certainty:

- (iii) a loan to, or debt security issued by, a Party or a state enterprise thereof is not an investment; and
- (iv) a loan granted by or debt security owned by a cross-border financial service provider, other than a loan to or debt security issued by a financial institution, is an investment if such loan or debt security meets the criteria for investments set out elsewhere in this Article;

(VI) an interest in an enterprise that entitles the owner to share in income or profits of the enterprise;

(VII) an interest in an enterprise that entitles the owner to share in the assets of that enterprise on dissolution, other than a debt security or a loan excluded from subparagraphs (III) (IV) or (V);

(VIII) real estate or other property, tangible or intangible, acquired in the expectation or used for the purpose of economic benefit or other business purposes; and

(IX) interests arising from the commitment of capital or other resources in the territory of a Party to economic activity in such territory, such as under

- (i) contracts involving the presence of an investor's property in the territory of the Party, including turnkey or construction contracts, or concessions, or
- (ii) contracts where remuneration depends substantially on the production, revenues or profits of an enterprise;



but investment does not mean,

(X) claims to money that arise solely from

- (i) commercial contracts for the sale of goods or services by a national or enterprise in the territory of a Party to an enterprise in the territory of the other Party, or
- (ii) the extension of credit in connection with a commercial transaction, such as trade financing, other than a loan covered by subparagraphs (IV) or (V); and

(XI) any other claims to money,

that do not involve the kinds of interests set out in subparagraphs (I) through (IX);

investment of an investor of a Party means an investment owned or controlled directly or indirectly by an investor of such Party;

investor of a Party¹ means

(i) in the case of Canada:

(a) Canada or a state enterprise of Canada, or

(b) a national or an enterprise of Canada,

that seeks to make, is making or has made an investment; a natural person who is a dual citizen shall be deemed to be exclusively a citizen of the State of his or her dominant and effective citizenship; and

(ii) in the case of the Republic of Peru:

(a) a state enterprise of the Republic of Peru, or

(b) a national or enterprise of the Republic of Peru;

that seeks to make, is making or has made an investment; a natural person who is a dual citizen shall be deemed to be exclusively a citizen of the State of his or her dominant and effective citizenship;

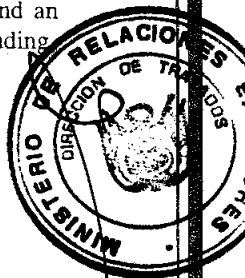
investor of a non-Party² means an investor other than an investor of a Party, that seeks to make, is making, or has made an investment;

legal stability agreement means an agreement entered into by the national government of a Party and an investor of the other Party or a covered investment of such investor that accords certain benefits, including but not limited to, a commitment to maintain the existing income tax regime during a specified time;

measure includes any law, regulation, procedure, requirement, or practice;

¹ For greater certainty, it is understood that an investor "seeks to make an investment" only when the investor has taken concrete steps necessary to make said investment, such as when the investor has made an application for a permit or license authorizing the establishment of an investment.

² For greater certainty, it is understood that an investor "seeks to make an investment" only when the investor has taken concrete steps necessary to make said investment, such as when the investor has made an application for a permit or license authorizing the establishment of an investment.





monopoly means an entity, including a consortium or government agency, that in any relevant market in the territory of a Party is designated as the sole provider or purchaser of a good or service, but does not include an entity that has been granted an exclusive intellectual property right solely by reason of such grant;

national means a natural person who is a citizen or permanent resident of a Party;

national government means:

- (i) in respect of Canada, the federal level of government; and
- (ii) in respect of the Republic of Peru, the national level of government;

New York Convention means the *United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, done at New York, 10 June 1958;

non-disputing Party means a Party that is not a party to an investment dispute under Section C;

non-disputing party means a person of a Party, or a person of a non-Party with a significant presence in the territory of a Party, that is not a party to an investment dispute under Section C;

person means a natural person or an enterprise;

person of a Party means a national, or an enterprise of a Party;

public entity means a central bank or monetary authority of a Party, or any financial institution owned or controlled by a Party;

Secretary-General means the Secretary-General of ICSID;

state enterprise means an enterprise that is owned or controlled through ownership interests by a Party;

sub-national government means:

- (i) in respect of Canada, provincial or local governments; and
- (ii) in respect of the Republic of Peru, regional or local governments;

tax convention means a convention for the avoidance of double taxation or other international taxation agreement or arrangement;

taxation authorities means the following until notice in writing to the contrary is provided to the other Party:

- (i) for Canada: the Assistant Deputy Minister, Tax Policy, of the Department of Finance Canada; and
- (ii) for the Republic of Peru: the Vice Minister of Economy, the Ministry of Economy and Finance.

territory means

- (i) in respect of Canada:
 - (a) the land territory of Canada, air space, internal waters and territorial sea of Canada;

- (b) those areas, including the exclusive economic zone and the seabed and subsoil, over which Canada exercises, in accordance with international law, sovereign rights or jurisdiction for the purpose of exploration and exploitation of the natural resources; and
 - (c) artificial islands, installations and structures in the exclusive economic zone or on the continental shelf over which Canada has jurisdiction as a coastal state; and
- (ii) in respect of the Republic of Peru, the land territory, the islands, the internal waters, as well as the airspace and the maritime domain which includes the sea adjacent to its coast, its seabed and subsoil, to a distance of 200 nautical miles measured from the baselines established by law, and the corresponding continental shelf, over which the Republic of Peru exercises sovereignty and jurisdiction in accordance with its domestic law and international law;

Tribunal means an arbitration tribunal established under Article 27 (Submission of a Claim to Arbitration) or Article 32 (Consolidation);

UNCITRAL Arbitration Rules means the arbitration rules of the United Nations Commission on International Trade Law, approved by the United Nations General Assembly on December 15, 1976; and

WTO Agreement means the Agreement Establishing the World Trade Organization done at Marrakesh on 15 April 1994.



SECTION B - SUBSTANTIVE OBLIGATIONS

ARTICLE 2

Scope and Application

1. This Agreement shall apply to measures adopted or maintained by a Party relating to:
 - (a) investors of the other Party; and
 - (b) covered investments.
2. For greater certainty, the provisions of this Agreement do not bind a Party in relation to any act or fact that took place or any situation that ceased to exist before the date of entry into force of this Agreement for that Party.

ARTICLE 3

National Treatment

1. Each Party shall accord to investors of the other Party treatment no less favourable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.
2. Each Party shall accord to covered investments treatment no less favourable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.
3. The treatment accorded by a Party under paragraphs 1 and 2 means, with respect to a sub-national government, treatment no less favourable than the treatment accorded, in like circumstances, by that sub-national government to investors, and to investments of investors, of the Party of which it forms a part.

ARTICLE 4^{3 4}

Most-Favoured-Nation Treatment

1. Each Party shall accord to investors of the other Party treatment no less favourable than that it accords, in like circumstances, to investors of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.



³ For greater certainty, the treatment accorded by a Party under this Article means, with respect to a sub-national government, treatment accorded, in like circumstances, by that sub-national government to investors, and to investments of investors, of a non-Party.

⁴ For greater certainty, Article 4 shall be interpreted in accordance with Annex B.4.

2. Each Party shall accord to covered investments treatment no less favourable than that it accords, in like circumstances, to investments of investors of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.

ARTICLE 5

Minimum Standard of Treatment

1. Each Party shall accord to covered investments treatment in accordance with the customary international law minimum standard of treatment of aliens, including fair and equitable treatment and full protection and security.

2. The concepts of "fair and equitable treatment" and "full protection and security" in paragraph 1 do not require treatment in addition to or beyond that which is required by the customary international law minimum standard of treatment of aliens.

3. A determination that there has been a breach of another provision of this Agreement, or of a separate international agreement, does not establish that there has been a breach of this Article.

ARTICLE 6

Senior Management, Boards of Directors and Entry of Personnel

1. A Party may not require that an enterprise of that Party, that is a covered investment, appoint to senior management positions individuals of any particular nationality.

2. A Party may require that a majority of the board of directors, or any committee thereof, of an enterprise that is a covered investment be of a particular nationality, or resident in the territory of the Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

3. Subject to its laws, regulations and policies relating to the entry of aliens, each Party shall grant temporary entry to nationals of the other Party, employed by an investor of the other Party, who seek to render services to an investment of that investor in the territory of the Party, in a capacity that is managerial or executive or requires specialized knowledge.

ARTICLE 7

Performance Requirements

1. Neither Party may impose or enforce any of the following requirements, or enforce any commitment or undertaking, in connection with the establishment, acquisition, expansion, management, conduct or operation of an investment of an investor of a Party or a non-Party in its territory:

- (a) to export a given level or percentage of goods;
- (b) to achieve a given level or percentage of domestic content;



- (c) to purchase, use or accord a preference to goods produced or services provided in its territory, or to purchase goods or services from persons in its territory;
- (d) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment;
- (e) to restrict sales of goods or services in its territory that such investment produces or provides by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;
- (f) to transfer technology, a production process or other proprietary knowledge to a person in its territory, except when the requirement is imposed or the commitment or undertaking is enforced by a court, administrative tribunal or competition authority, to remedy an alleged violation of competition laws or to act in a manner not inconsistent with other provisions of this Agreement; or
- (g) to supply exclusively from the territory of the Party the goods it produces or the services it provides to a specific regional market or to the world market.

2. A measure that requires an investment to use a technology to meet generally applicable health, safety or environmental requirements shall not be construed to be inconsistent with paragraph 1(f). For greater certainty, Articles 3 and 4 apply to the measure.

3. Neither Party may condition the receipt or continued receipt of an advantage, in connection with an investment in its territory of an investor of a Party or of a non-Party, on compliance with any of the following requirements:

- (a) to achieve a given level or percentage of domestic content;
- (b) to purchase, use or accord a preference to goods produced in its territory, or to purchase goods from producers in its territory;
- (c) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment; or
- (d) to restrict sales of goods or services in its territory that such investment produces or provides by relating such sales in any way to the volume or value of its exports or foreign exchange earnings.

4. Nothing in paragraph 3 shall be construed to prevent a Party from conditioning the receipt or continued receipt of an advantage, in connection with an investment in its territory of an investor of a Party, on compliance with a requirement to locate production, provide a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its territory.

5. Paragraphs 1 and 3 shall not apply to any requirement other than the requirements set out in those paragraphs.



6. The provisions of:

- (a) Paragraphs (1) (a), (b) and (c), and (3) (a) and (b) shall not apply to qualification requirements for goods or services with respect to export promotion and foreign aid programs;
- (b) Paragraphs (1) (b), (c), (f) and (g), and (3) (a) and (b) shall not apply to procurement by a Party or a state enterprise; and
- (c) Paragraphs (3) (a) and (b) shall not apply to requirements imposed by an importing Party relating to the content of goods necessary to qualify for preferential tariffs or preferential quotas.

ARTICLE 8

Monopolies and State Enterprises

1. Nothing in this Agreement shall be construed to prevent a Party from designating a monopoly, or from maintaining or establishing a state enterprise.
2. Where a Party intends to designate a monopoly⁵ and the designation may affect the interests of persons of the other Party, the Party shall, wherever possible, provide prior written notification to the other Party of the designation.
3. Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any privately-owned monopoly that it designates and any government monopoly that it maintains or designates acts in a manner that is not inconsistent with the Party's obligations under this Agreement wherever such a monopoly exercises any regulatory, administrative or other governmental authority that the Party has delegated to it in connection with the monopoly good or service, such as the power to grant import or export licenses, approve commercial transactions or impose quotas, fees or other charges⁶.
4. Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any state enterprise that it maintains or establishes acts in a manner that is not inconsistent with the Party's obligations under this Agreement wherever such enterprise exercises any regulatory, administrative or other governmental authority that the Party has delegated to it, such as the power to expropriate, grant licenses, approve commercial transactions or impose quotas, fees or other charges.



⁵ Nothing in this Article shall be construed to prevent a monopoly from charging different prices in different geographic markets, where such differences are based on normal commercial considerations, such as taking account of supply and demand conditions in those markets.

⁶ A delegation includes a legislative grant, a government order, directive or other act transferring to the monopoly, or authorizing the exercise by the monopoly of, governmental authority.

ARTICLE 9

Reservations and Exceptions

1. Articles 3, 4, 6 and 7 shall not apply to:
 - (a) any existing non-conforming measure that is maintained by
 - (i) a national government, as set out in its Schedule to Annex I, or
 - (ii) a sub-national government;
 - (b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a);
 - (c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Articles 3, 4, 6 and 7.
2. Articles 3, 4, 6 and 7 shall not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors or activities, as set out in its schedule to Annex II.
3. Article 4 shall not apply to treatment accorded by a Party pursuant to agreements, or with respect to sectors, set out in Annex III.
4. In respect of intellectual property rights, a Party may derogate from Articles 3 and 4 in a manner that is consistent with the WTO Agreement.
5. The provisions of Articles 3, 4 and 6 of this Agreement shall not apply to:
 - (a) procurement by a Party or state enterprise;
 - (b) subsidies or grants provided by a Party or a state enterprise, including government-supported loans, guarantees and insurance;
6. For greater certainty, Article 3 of this Agreement shall not apply to the granting by a Party to a financial institution of an exclusive right to provide activities or services forming part of a public retirement plan or statutory system of social security.

ARTICLE 10

General Exceptions

1. Subject to the requirement that such measures are not applied in a manner that would constitute arbitrary or unjustifiable discrimination between investments or between investors, or a disguised restriction on international trade or investment, nothing in this Agreement shall be construed to prevent a Party from adopting or enforcing measures necessary:

- (a) to protect human, animal or plant life or health;



- (b) to ensure compliance with laws and regulations that are not inconsistent with the provisions of this Agreement; or
 - (c) for the conservation of living or non-living exhaustible natural resources.
2. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining reasonable measures for prudential reasons, such as:
- (a) the protection of investors, depositors, financial market participants, policy-holders, policy-claimants, or persons to whom a fiduciary duty is owed by a financial institution;
 - (b) the maintenance of the safety, soundness, integrity or financial responsibility of financial institutions; and
 - (c) ensuring the integrity and stability of a Party's financial system.
3. Nothing in this Agreement shall apply to non-discriminatory measures of general application taken by any public entity in pursuit of monetary and related credit policies or exchange rate policies. This paragraph shall not affect a Party's obligations under Article 7 (Performance Requirements) or Article 14 (Transfer of Funds).
4. Nothing in this Agreement shall be construed:
- (a) to require any Party to furnish or allow access to any information the disclosure of which it determines to be contrary to its essential security interests;
 - (b) to prevent any Party from taking any actions that it considers necessary for the protection of its essential security interests
 - (i) relating to the traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods, materials, services and technology undertaken directly or indirectly for the purpose of supplying a military or other security establishment,
 - (ii) taken in time of war or other emergency in international relations, or
 - (iii) relating to the implementation of national policies or international agreements respecting the non-proliferation of nuclear weapons or other nuclear explosive devices; or
 - (c) to prevent any Party from taking action in pursuance of its obligations under the *United Nations Charter* for the maintenance of international peace and security.
5. Nothing in this Agreement shall be construed to require a Party to furnish or allow access to information the disclosure of which would impede law enforcement or would be contrary to the Party's law protecting Cabinet confidences, personal privacy or the confidentiality of the financial affairs and accounts of individual customers of financial institutions.



6. The provisions of this Agreement shall not apply to investments in cultural industries.

7. Any measure adopted by a Party in conformity with a decision adopted, extended or modified by the World Trade Organization pursuant to Articles IX:3 or IX:4 of the WTO Agreement shall be deemed to be also in conformity with this Agreement. An investor purporting to act pursuant to Section C of this Agreement may not claim that such a conforming measure is in breach of this Agreement.

ARTICLE 11

Health, Safety and Environmental Measures

The Parties recognize that it is inappropriate to encourage investment by relaxing domestic health, safety or environmental measures. Accordingly, a Party should not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such measures as an encouragement for the establishment, acquisition, expansion or retention in its territory of an investment of an investor. If a Party considers that the other Party has offered such an encouragement, it may request consultations with the other Party and the two Parties shall consult with a view to avoiding any such encouragement.

ARTICLE 12

Compensation for Losses

1. Each Party shall accord to investors of the other Party, and to covered investments, non-discriminatory treatment with respect to measures it adopts or maintains relating to losses suffered by investments in its territory owing to armed conflict, civil strife or a natural disaster.

2. Paragraph (1) shall not apply to existing measures relating to subsidies or grants that would be inconsistent with Article 3 but for Article 9(5)(b).

ARTICLE 13⁷

Expropriation

1. Neither Party shall nationalize or expropriate a covered investment either directly, or indirectly through measures having an effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation"), except for a public purpose⁸, in accordance with due process of law, in a non-discriminatory manner and on prompt, adequate and effective compensation.



⁷ For greater certainty, Article 13(1) shall be interpreted in accordance with Annex B.13(1) on the clarification of indirect expropriation.

⁸ The term "public purpose" is a treaty term to be interpreted in accordance with international law. It is not meant to create any inconsistency with the same or similar concepts in the domestic law of the Parties.

2. Such compensation shall be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place ("date of expropriation"), and shall not reflect any change in value occurring because the intended expropriation had become known earlier. Valuation criteria shall include going concern value, asset value including declared tax value of tangible property, and other criteria, as appropriate, to determine fair market value.

3. Compensation shall be paid without delay and shall be fully realizable and freely transferable. Compensation shall be payable in a freely convertible currency and shall include interest at a commercially reasonable rate for that currency from the date of expropriation until date of payment.

4. The investor affected shall have a right, under the law of the Party making the expropriation, to prompt review, by a judicial or other independent authority of that Party, of its case and of the valuation of its investment in accordance with the principles set out in this Article.

5. The provisions of this Article shall not apply to the issuance of compulsory licenses granted in relation to intellectual property rights, or to the revocation, limitation or creation of intellectual property rights, to the extent that such issuance, revocation, limitation or creation is consistent with the WTO Agreement.

ARTICLE 14

Transfer of Funds

1. Each Party shall permit all transfers relating to a covered investment to be made freely, and without delay, into and out of its territory. Such transfers include:

- (a) contributions to capital;
- (b) profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other fees, returns in kind and other amounts derived from the investment;
- (c) proceeds from the sale of all or any part of the covered investment or from the partial or complete liquidation of the covered investment;
- (d) payments made under a contract entered into by the investor, or the covered investment, including payments made pursuant to a loan agreement;
- (e) payments made pursuant to Articles 12 and 13; and
- (f) payments arising under Section C.

2. Each Party shall permit transfers relating to a covered investment to be made in the convertible currency in which the capital was originally invested, or in any other convertible currency agreed by the investor and the Party concerned. Unless otherwise agreed by the investor, transfers shall be made at the rate of exchange applicable on the date of transfer.



3. Notwithstanding paragraphs 1 and 2, a Party may prevent a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

- (a) bankruptcy, insolvency or the protection of the rights of creditors;
- (b) issuing, trading or dealing in securities;
- (c) criminal or penal offences;
- (d) reports of transfers of currency or other monetary instruments; or
- (e) ensuring the satisfaction of judgments in adjudicatory proceedings.

4. Neither Party may require its investors to transfer, or penalize its investors that fail to transfer, the income, earnings, profits or other amounts derived from, or attributable to investments in the territory of the other Party.

5. Paragraph 4 shall not be construed to prevent a Party from imposing any measure through the equitable, non-discriminatory and good faith application of its laws relating to the matters set out in subparagraphs (a) through (e) of paragraph 3.

6. Notwithstanding the provisions of paragraphs 1, 2 and 4, and without limiting the applicability of paragraph 5, a Party may prevent or limit transfers by a financial institution to, or for the benefit of, an affiliate of or person related to such institution, through the equitable, non-discriminatory and good faith application of measures relating to maintenance of the safety, soundness, integrity or financial responsibility of financial institutions.

7. Notwithstanding paragraph 1, a Party may restrict transfers in kind in circumstances where it could otherwise restrict transfers under the WTO Agreement and as set out in paragraph 3.

ARTICLE 15

Subrogation

1. If a Party or any agency thereof makes a payment to any of its investors under a guarantee or a contract of insurance it has entered into in respect of an investment, the other Party shall recognize the validity of the subrogation in favour of such Party or agency thereof to any right or title held by the investor.

2. A Party or any agency thereof which is subrogated to the rights of an investor in accordance with paragraph 1 of this Article, shall be entitled in all circumstances to the same rights as those of the investor in respect of the investment. Such rights may be exercised by the Party or any agency thereof, or by the investor if the Party or any agency thereof so authorizes.



ARTICLE 16

Taxation Measures

1. Except where express reference is made thereto, nothing in this Agreement shall apply to taxation measures. For greater certainty, nothing in this Agreement shall affect the rights and obligations of the Parties under any tax convention. In the event of any inconsistency between the provisions of this Agreement and any such convention, the provisions of that convention shall apply to the extent of the inconsistency.
2. Nothing in this Agreement shall be construed to require a Party to furnish or allow access to information the disclosure of which would be contrary to the Party's law protecting information concerning the taxation affairs of a taxpayer.
3. The provisions of Article 13 shall apply to taxation measures unless the taxation authorities of the Parties, no later than six months after being notified by an investor that the investor disputes a taxation measure, jointly determine that the measure in question is not an expropriation. The investor shall refer the issue of whether a taxation measure is an expropriation for a determination to the taxation authorities of the Parties at the same time that it gives notice under Article 24 (Notice of Intent to Submit a Claim to Arbitration).
4. If, in connection with a claim by an investor of a Party or a dispute between the Parties, an issue arises as to whether a measure of a Party is a taxation measure, a Party may refer the issue to the taxation authorities of the Parties. The taxation authorities shall decide the issue, and their decision shall bind any Tribunal formed pursuant to Section C or arbitral panel formed pursuant to Section D, as the case may be, with jurisdiction over the claim or the dispute. A Tribunal or arbitral panel seized of a claim or a dispute in which the issue arises may not proceed pending receipt of the decision of the taxation authorities. If the taxation authorities have not decided the issue within six months of the referral, the Tribunal or arbitral panel shall decide the issue in place of the taxation authorities.

ARTICLE 17

Prudential Measures

1. Where an investor submits a claim to arbitration under Section C, and the disputing Party invokes Articles 10(2) or 14(6), the Tribunal established pursuant to Article 22 (Claim by an Investor of a Party on its Own Behalf) or 23 (Claim by an Investor of a Party on Behalf of an Enterprise) shall, at the request of that Party, seek a report in writing from the Parties on the issue of whether and to what extent the said paragraphs are a valid defence to the claim of the investor. The Tribunal may not proceed pending receipt of a report under this Article.
2. Pursuant to a request received in accordance with paragraph (1), the Parties shall proceed in accordance with Section D to prepare a written report, either on the basis of agreement following consultations, or by means of an arbitral panel. The consultations shall be between the financial services authorities of the Parties. The report shall be transmitted to the Tribunal, and shall be binding on the Tribunal.
3. Where, within 70 days of the referral by the Tribunal, no request for the establishment of a panel pursuant to paragraph (2) has been made, and no report has been received by the Tribunal, the Tribunal may proceed to decide the matter.



ARTICLE 18

Denial of Benefits

1. A Party may deny the benefits of this Agreement to an investor of the other Party that is an enterprise of such Party and to investments of such investor if investors of a non-Party own or control the enterprise and the denying Party adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Agreement were accorded to the enterprises or to its investments.

2. Subject to Article 19(3), a Party may deny the benefits of this Agreement to an investor of the other Party that is an enterprise of such Party and to investments of such investors if investors of a non-Party own or control the enterprise and the enterprise has no substantial business activities in the territory of the Party under whose law it is constituted or organized.

ARTICLE 19

Transparency

1. Each Party shall, to the extent possible, ensure that its laws, regulations, procedures, and administrative rulings of general application respecting any matter covered by this Agreement are promptly published or otherwise made available in such a manner as to enable interested persons and the other Party to become acquainted with them.

2. To the extent possible, each Party shall:

- (a) publish in advance any such measure that it proposes to adopt; and
- (b) provide interested persons and the other Party a reasonable opportunity to comment on such proposed measures.

3. Upon request by a Party, information shall be exchanged on the measures of the other Party that may have an impact on covered investments.



ANNEX B.4

Most-Favoured-Nation Treatment

For greater clarity, treatment "with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments" referred to in paragraphs 1 and 2 of Article 4 does not encompass dispute resolution mechanisms, such as those in Section C, that are provided for in international treaties or trade agreements.



ANNEX B.13(1)

Expropriation

The Parties confirm their shared understanding that:

- (a) Indirect expropriation results from a measure or series of measures of a Party that has an effect equivalent to direct expropriation without formal transfer of title or outright seizure;
- (b) The determination of whether a measure or series of measures of a Party constitutes an indirect expropriation requires a case-by-case, fact-based inquiry that considers, among other factors:
 - (i) the economic impact of the measure or series of measures, although the sole fact that a measure or series of measures of a Party has an adverse effect on the economic value of an investment does not establish that an indirect expropriation has occurred;
 - (ii) the extent to which the measure or series of measures interferes with distinct, reasonable investment-backed expectations; and
 - (iii) the character of the measure or series of measures;
- (c) Except in rare circumstances, such as when a measure or series of measures is so severe in the light of its purpose that it cannot be reasonably viewed as having been adopted and applied in good faith, non-discriminatory measures of a Party that are designed and applied to protect legitimate public welfare objectives, such as health, safety and the environment, do not constitute indirect expropriation.



**SECTION C - SETTLEMENT OF DISPUTES
BETWEEN AN INVESTOR AND THE HOST PARTY**

ARTICLE 20

Purpose

Without prejudice to the rights and obligations of the Parties under Section D (State to State Dispute Settlement Procedures), this Section establishes a mechanism for the settlement of investment disputes.

ARTICLE 21

Limitation of Claims with Respect to Financial Institutions

With respect to:

- (a) financial institutions of a Party; and
- (b) investors of a Party, and investments of such investors, in financial institutions in the other Party's territory,

this Section applies only in respect of claims that the other Party has breached an obligation under Articles 13, 14 or 18.

ARTICLE 22

Claim by an Investor of a Party on Its Own Behalf

1. An investor of a Party may submit to arbitration under this Section a claim that:
 - (a) the other Party has breached an obligation under Section B, other than an obligation under Article 6(3), 8(1), 8(2), 11 or 19, or
 - (b) the other Party has breached a legal stability agreement referred to in paragraph 3 of this Article,

and that the investor has incurred loss or damage by reason of, or arising out of, that breach.

2. An investor may not make a claim if more than three years have elapsed from the date on which the investor first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the investor has incurred loss or damage.

3. A claim by an investor that a tax measure of a Party is in breach of a legal stability agreement between the national government authorities of a Party and the investor concerning an investment may be submitted to arbitration under this Section unless:

- (a) the legal stability agreement between the national government authorities of a Party and the investor preceded the entry into force of this Agreement; or



- (b) the taxation authorities of the Parties, no later than six months after being notified by the investor of its intention to submit the claim to arbitration, jointly determine that the measure does not contravene such legal stability agreement. The investor shall refer the issue of whether a taxation measure does not contravene a legal stability agreement for a determination to the taxation authorities of the Parties at the same time that it gives notice under Article 24 (Notice of Intent to Submit a Claim to Arbitration).

ARTICLE 23

Claim by an Investor of a Party on Behalf of an Enterprise

1. An investor of a Party, on behalf of an enterprise of the other Party that is a juridical person that the investor owns or controls directly or indirectly, may submit to arbitration under this Section a claim that:

- (a) the other Party has breached an obligation under Section B, other than an obligation under Article 6(3), 8(1), 8(2), 11 or 19, or
- (b) the other Party has breached a legal stability agreement referred to in paragraph 3 of this Article,

and that the enterprise has incurred loss or damage by reason of, or arising out of, that breach.

2. An investor may not make a claim on behalf of an enterprise described in paragraph 1 if more than three years have elapsed from the date on which the enterprise first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the enterprise has incurred loss or damage.

3. A claim by an investor, on behalf of an enterprise of the other Party that is a juridical person that the investor owns or controls directly or indirectly, that a tax measure of that Party is in breach of a legal stability agreement between the national government authorities of that Party and said enterprise may be submitted to arbitration under this Section unless:

- (a) the legal stability agreement between the national government authorities of a Party and the enterprise preceded the entry into force of this Agreement; or
- (b) the taxation authorities of the Parties, no later than six months after being notified by the investor of its intention to submit the claim to arbitration, jointly determine that the measure does not contravene such legal stability agreement. The investor shall refer the issue of whether a taxation measure does not contravene a legal stability agreement for a determination to the taxation authorities of the Parties at the same time that it gives notice under Article 24 (Notice of Intent to Submit a Claim to Arbitration).



4. Where an investor makes a claim under this Article and the investor or a non-controlling investor in the enterprise makes a claim under Article 22 (Claim by an Investor of a Party on Its Own Behalf) arising out of the same events that gave rise to the claim under this Article, and two or more of the claims are submitted to arbitration under Article 27 (Submission of a Claim to Arbitration), the claims should be heard together by a Tribunal established under Article 32 (Consolidation), unless the Tribunal finds that the interests of a disputing party would be prejudiced thereby.

5. An investment may not make a claim under this Section.

ARTICLE 24

Notice of Intent to Submit a Claim to Arbitration

1. The disputing investor shall deliver to the disputing Party written notice of its intent to submit a claim to arbitration at least 90 days before the claim is submitted, which notice shall specify:

- (a) the name and address of the disputing investor and, where a claim is made under Article 23 (Claim by an Investor of a Party on Behalf of an Enterprise), the name and address of the enterprise;
- (b) the provisions of this Agreement alleged to have been breached and any other relevant provisions;
- (c) the issues and the factual basis for the claim, including the measures at issue; and
- (d) the relief sought and the approximate amount of damages claimed.

2. The disputing investor shall also deliver, with its Notice of Intent to Submit a Claim to Arbitration, evidence establishing that it is an investor of the other Party.

ARTICLE 25

Settlement of a Claim through Consultation

1. Before a disputing investor may submit a claim to arbitration, the disputing parties shall first hold consultations in an attempt to settle a claim amicably.

2. Consultations shall be held within 30 days of the submission of the notice of intent to submit a claim to arbitration, unless the disputing parties otherwise agree.

3. The place of consultation shall be the capital of the disputing Party, unless the disputing parties otherwise agree.



ARTICLE 26

Conditions Precedent to Submission of a Claim to Arbitration

1. A disputing investor may submit a claim to arbitration under Article 22 (Claim by an Investor of a Party on Its Own Behalf) only if:

- (a) the investor consents to arbitration in accordance with the procedures set out in this Agreement;
- (b) at least six months have elapsed since the events giving rise to the claim;
- (c) not more than three years have elapsed from the date on which the investor first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the investor has incurred loss or damage thereby;
- (d) the investor has delivered the Notice of Intent required under Article 24 (Notice of Intent to Submit a Claim to Arbitration), in accordance with the requirements of that Article, at least 90 days prior to submitting the claim; and
- (e) the investor and, where the claim is for loss or damage to an interest in an enterprise of the other Party that is a juridical person that the investor owns or controls directly or indirectly, the enterprise waive their right to initiate or continue before any administrative tribunal or court under the law of any Party, or other dispute settlement procedures, any proceedings with respect to the measure of the disputing Party that is alleged to be a breach referred to in Article 22 (Claim by an Investor of a Party on Its Own Behalf), except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages, before an administrative tribunal or court under the law of the disputing Party.

2. A disputing investor may submit a claim to arbitration under Article 23 (Claim by an Investor of a Party on Behalf of an Enterprise) only if:

- (a) both the investor and the enterprise consent to arbitration in accordance with the procedures set out in this Agreement;
- (b) at least six months have elapsed since the events giving rise to the claim;
- (c) not more than three years have elapsed from the date on which the enterprise first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the enterprise has incurred loss or damage thereby;
- (d) the investor has delivered the Notice of Intent required under Article 24 (Notice of Intent to Submit a Claim to Arbitration), in accordance with the requirements of that Article, at least 90 days prior to submitting the claim; and



- (e) both the investor and the enterprise waive their right to initiate or continue before any administrative tribunal or court under the law of any Party, or other dispute settlement procedures, any proceedings with respect to the measure of the disputing Party that is alleged to be a breach referred to in Article 23 (Claim by an Investor of a Party on Behalf of an Enterprise), except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages, before an administrative tribunal or court under the law of the disputing Party.
3. A consent and waiver required by this Article shall be in the form provided for in Annex C.26, shall be delivered to the disputing Party and shall be included in the submission of a claim to arbitration.
4. An investor may submit a claim relating to taxation measures covered by this Agreement to arbitration under this Section only if the taxation authorities of the Parties fail to reach the joint determinations specified in Articles 16(3), 22(3)(b) and 23(3)(b) within six months of being notified in accordance with these provisions.
5. A waiver from the enterprise under paragraph 1(e) or 2(e) shall not be required only where a disputing Party has deprived a disputing investor of control of an enterprise.
6. Failure to meet any of the conditions precedent provided for in paragraphs 1 through 4 shall nullify the consent of the Parties given in Article 28 (Consent to Arbitration).

ARTICLE 27

Submission of a Claim to Arbitration

1. Except as provided in Annex C.27, a disputing investor who meets the conditions precedent provided for in Article 26 (Conditions Precedent to Submission of a Claim to Arbitration) may submit the claim to arbitration under:
- (a) the ICSID Convention, provided that both the disputing Party and the Party of the disputing investor are parties to the Convention;
 - (b) the Additional Facility Rules of ICSID, provided that either the disputing Party or the Party of the disputing investor, but not both, is a party to the ICSID Convention;
 - (c) the UNCITRAL Arbitration Rules; or
 - (d) any other body of rules approved by the Commission as available for arbitrations under this Section.
2. The Commission shall have the power to make rules supplementing the applicable arbitral rules and may amend any rules of its own making. Such rules shall be binding on a Tribunal established under this Section, and on individual arbitrators serving on such Tribunals.
3. The applicable arbitration rules shall govern the arbitration except to the extent modified by this Section, and supplemented by any rules adopted by the Commission under this Section.



ARTICLE 28

Consent to Arbitration

1. Each Party consents to the submission of a claim to arbitration in accordance with the procedures set out in this Agreement.
2. The consent given in paragraph 1 and the submission by a disputing investor of a claim to arbitration shall satisfy the requirement of:
 - (a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the Additional Facility Rules for written consent of the parties;
 - (b) Article II of the New York Convention for an agreement in writing; and
 - (c) Article I of the Inter-American Convention for an agreement.

ARTICLE 29

Arbitrators

1. Except in respect of a Tribunal established under Article 32 (Consolidation), and unless the disputing parties agree otherwise, the Tribunal shall comprise three arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties.
2. Arbitrators shall:
 - (a) have expertise or experience in public international law, international trade or international investment rules, or the resolution of disputes arising under international trade or international investment agreements;
 - (b) be independent of, and not be affiliated with or take instructions from, either Party or the disputing investor; and
 - (c) comply with any Code of Conduct for Dispute Settlement as agreed by the Commission.
3. Where a disputing investor claims that a dispute involves measures adopted or maintained by a Party relating to financial institutions of the other Party, or investors of the other Party and investments of such investors, in financial institutions in a Party's territory, then
 - (a) where the disputing parties are in agreement, the arbitrators shall, in addition to the criteria set out in paragraph 2, have expertise or experience in financial services law or practice, which may include the regulation of financial institutions; or



- (b) where the disputing parties are not in agreement,
 - (i) each disputing party may select arbitrators who meet the qualifications set out in subparagraph (a), and
 - (ii) if the Party complained against invokes Articles 14(6) or 17, the chair of the panel shall meet the qualifications set out in subparagraph (a).

4. The disputing parties should agree upon the arbitrators' remuneration. If the disputing parties do not agree on such remuneration before the constitution of the Tribunal, the prevailing ICSID rate for arbitrators shall apply.

5. The Commission may establish rules relating to expenses incurred by the Tribunal.

ARTICLE 30

Constitution of a Tribunal When a Party Fails to Appoint an Arbitrator or the Disputing parties Are Unable to Agree on a Presiding Arbitrator

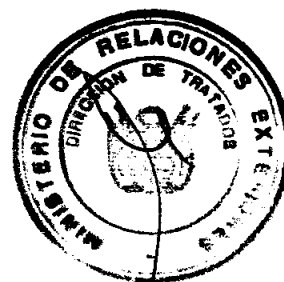
1. The Secretary-General shall serve as appointing authority for an arbitration under this Section.
2. If a Tribunal, other than a Tribunal established under Article 32 (Consolidation), has not been constituted within 90 days from the date that a claim is submitted to arbitration, the Secretary-General, on the request of either disputing party, shall appoint, in his or her discretion, the arbitrator or arbitrators not yet appointed, except that the presiding arbitrator shall not be a national of either Party.

ARTICLE 31

Agreement to Appointment of Arbitrators

For purposes of Article 39 of the ICSID Convention and Article 7 of Schedule C to the ICSID Additional Facility Rules, and without prejudice to an objection to an arbitrator based on a ground other than citizenship or permanent residence:

- (a) the disputing Party agrees to the appointment of each individual member of a Tribunal established under the ICSID Convention or the ICSID Additional Facility Rules;
- (b) a disputing investor referred to in Article 22(1) (Claim by an Investor of a Party on Its Own Behalf) may submit a claim to arbitration, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the disputing investor agrees in writing to the appointment of each individual member of the Tribunal; and



- (c) a disputing investor referred to in Article 23(1) (Claim by an Investor of a Party on Behalf of an Enterprise) may submit a claim to arbitration, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the disputing investor and the enterprise agree in writing to the appointment of each individual member of the Tribunal.

ARTICLE 32

Consolidation

1. A Tribunal established under this Article shall be established under the UNCITRAL Arbitration Rules and shall conduct its proceedings in accordance with those Rules, except as modified by this Section.
2. Where a Tribunal established under this Article is satisfied that claims submitted to arbitration under Article 27 (Submission of a Claim to Arbitration) have a question of law or fact in common, the Tribunal may, in the interests of fair and efficient resolution of the claims, and after hearing the disputing parties, by order:
 - (a) assume jurisdiction over, and hear and determine together, all or part of the claims; or
 - (b) assume jurisdiction over, and hear and determine one or more of the claims, the determination of which it believes would assist in the resolution of the others.
3. A disputing party that seeks an order under paragraph 2 shall request the Secretary-General to establish a Tribunal and shall specify in the request:
 - (a) the name of the disputing Party or disputing investors against which the order is sought;
 - (b) the nature of the order sought; and
 - (c) the grounds on which the order is sought.
4. The disputing party shall deliver to the disputing Party or disputing investors against which the order is sought a copy of the request.
5. Within 60 days of receipt of the request, the Secretary-General shall establish a Tribunal comprising three arbitrators. The Secretary-General shall appoint the presiding arbitrator, from the ICSID Panel of Arbitrators, a presiding arbitrator who is not a national of any of the Parties. The Secretary-General shall appoint the two other members from the ICSID Panel of Arbitrators. To the extent arbitrators are not available from that Panel, appointments shall be at the discretion of the Secretary-General. One member shall be a national of the disputing Party and one member shall be a national of the Party of the disputing investors.



6. Where a Tribunal has been established under this Article, a disputing investor that has submitted a claim to arbitration under Article 27 (Submission of a Claim to Arbitration) and that has not been named in a request made under paragraph 3 may make a written request to the Tribunal that it be included in an order made under paragraph 2, and shall specify in the request:

- (a) the name and address of the disputing investor;
- (b) the nature of the order sought; and
- (c) the grounds on which the order is sought.

7. A disputing investor referred to in paragraph 6 shall deliver a copy of its request to the disputing parties named in a request made under paragraph 3.

8. A Tribunal established under Article 27 (Submission of a Claim to Arbitration) shall not have jurisdiction to decide a claim, or a part of a claim, over which a Tribunal established under this Article has assumed jurisdiction.

9. On application of a disputing party, a Tribunal established under this Article, pending its decision under paragraph 2, may order that the proceedings of a Tribunal established under Article 27 (Submission of a Claim to Arbitration) be stayed, unless the latter Tribunal has already adjourned its proceedings.

ARTICLE 33

Notice to the Non-Disputing Party

A disputing Party shall deliver to the other Party a copy of the Notice of Intent to Submit a Claim to Arbitration and other documents, such as a Notice of Arbitration and Statement of Claim, no later than 30 days after the date that such documents have been delivered to the disputing Party.

ARTICLE 34

Documents

1. The non-disputing Party shall be entitled, at its cost, to receive from the disputing Party a copy of:

- (a) the evidence that has been tendered to the Tribunal;
- (b) copies of all pleadings filed in the arbitration; and
- (c) the written argument of the disputing parties.

2. The Party receiving information pursuant to paragraph 1 shall treat the information as if it were a disputing Party.



ARTICLE 35

Participation by the Non-Disputing Party

1. On written notice to the disputing parties, the non-disputing Party may make submissions to a Tribunal on a question of interpretation of this Agreement.
2. The non-disputing Party shall have the right to attend any hearings held under this Section, whether or not it makes submissions to the Tribunal.

ARTICLE 36

Place of Arbitration

Unless the disputing parties agree otherwise, a Tribunal shall hold an arbitration in the territory of a Party that is a party to the New York Convention, selected in accordance with:

- (a) the ICSID Additional Facility Rules, if the arbitration is under those Rules or the ICSID Convention; or
- (b) the UNCITRAL Arbitration Rules, if the arbitration is under those Rules.

ARTICLE 37

Preliminary Objections to Jurisdiction or Admissibility

Where issues relating to jurisdiction or admissibility are raised as preliminary objections, a Tribunal shall, wherever possible, decide the matter before proceeding to the merits.

ARTICLE 38

Public Access to Hearings and Documents

1. Hearings held under this Section shall be open to the public. To the extent necessary to ensure the protection of confidential information, including business confidential information, the Tribunal may hold portions of hearings *in camera*.
2. The Tribunal shall establish procedures for the protection of confidential information and appropriate logistical arrangements for open hearings, in consultation with the disputing parties.
3. All documents submitted to, or issued by, the Tribunal shall be publicly available, unless the disputing parties otherwise agree, subject to the deletion of confidential information.
4. Notwithstanding paragraph 3, any Tribunal award under this Section shall be publicly available, subject to the deletion of confidential information.



5. A disputing party may disclose to other persons in connection with the arbitral proceedings such unredacted documents as it considers necessary for the preparation of its case, but it shall ensure that those persons protect the confidential information in such documents.

6. The Parties may share with officials of their respective national and sub-national governments all relevant unredacted documents in the course of dispute settlement under this Agreement, but they shall ensure that those persons protect any confidential information in such documents.

7. As provided under Article 10(4) and (5), the Tribunal shall not require a Party to furnish or allow access to information the disclosure of which would impede law enforcement or would be contrary to the Party's law protecting Cabinet confidences, personal privacy or the financial affairs and accounts of individual customers of financial institutions, or which it determines to be contrary to its essential security.

8. To the extent that a Tribunal's confidentiality order designates information as confidential and a Party's law on access to information requires public access to that information, the Party's law on access to information shall prevail. However, a Party should endeavour to apply its law on access to information so as to protect information designated confidential by the Tribunal.

ARTICLE 39

Submissions by a Non-Disputing party

1. Any non-disputing party that wishes to file a written submission with a Tribunal (the "applicant") shall apply for leave from the Tribunal to file such a submission, in accordance with Annex C.39. The applicant shall attach the submission to the application.

2. The applicant shall serve the application for leave to file a non-disputing party submission and the submission on all disputing parties and the Tribunal.

3. The Tribunal shall set an appropriate date for the disputing parties to comment on the application for leave to file a non-disputing party submission.

4. In determining whether to grant leave to file a non-disputing party submission, the Tribunal shall consider, among other things, the extent to which:

- (a) the non-disputing party submission would assist the Tribunal in the determination of a factual or legal issue related to the arbitration by bringing a perspective, particular knowledge or insight that is different from that of the disputing parties;
- (b) the non-disputing party submission would address a matter within the scope of the dispute;
- (c) the non-disputing party has a significant interest in the arbitration; and
- (d) there is a public interest in the subject-matter of the arbitration.



5. The Tribunal shall ensure that:

- (a) any non-disputing party submission does not disrupt the proceedings; and
- (b) neither disputing party is unduly burdened or unfairly prejudiced by such submissions.

6. The Tribunal shall decide whether to grant leave to file a non-disputing party submission. If leave to file a non-disputing party submission is granted, the Tribunal shall set an appropriate date for the disputing parties to respond in writing to the non-disputing party submission. By that date, the non-disputing Party may, pursuant to Article 35 (Participation by the Non-Disputing Party), address any issues of interpretation of this Agreement presented in the non-disputing party submission.

7. The Tribunal that grants leave to file a non-disputing party submission is not required to address the submission at any point in the arbitration, nor is the non-disputing party that files the submission entitled to make further submissions in the arbitration.

8. Access to hearings and documents by non-disputing parties that file applications under these procedures shall be governed by the provisions pertaining to public access to hearings and documents under Article 38 (Public Access to Hearings and Documents).

ARTICLE 40

Governing Law

1. A Tribunal established under this Section shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.

2. Subject to the other terms of this Section, when a claim is submitted to arbitration for a breach of a legal stability agreement referred to in Articles 22 (3) and 23 (3), a Tribunal established under this Section shall apply:

- (a) the rules of law specified in the legal stability agreement, or as the disputing parties may otherwise agree; or
- (b) if the rules of law have not been specified or otherwise agreed:
 - (i) the law of the disputing Party, including its rules on the conflict of laws⁹; and
 - (ii) such rules of international law as may be applicable.

3. An interpretation by the Commission of a provision of this Agreement shall be binding on a Tribunal established under this Section, and any award under this Section shall be consistent with such interpretation.



⁹ The "law of the disputing Party" means the law that a domestic court or tribunal of proper jurisdiction would apply in the same case.

ARTICLE 41

Interpretation of Annexes

1. Where a disputing Party asserts as a defence that the measure alleged to be a breach is within the scope of a reservation or exception set out in Annex I, Annex II or Annex III, on request of the disputing Party, the Tribunal shall request the interpretation of the Commission on the issue. The Commission, within 60 days of delivery of the request, shall submit in writing its interpretation to the Tribunal.
2. Further to Article 40(3) (Governing Law), a Commission interpretation submitted under paragraph 1 shall be binding on the Tribunal. If the Commission fails to submit an interpretation within 60 days, the Tribunal shall decide the issue.

ARTICLE 42

Expert Reports

Without prejudice to the appointment of other kinds of experts where authorized by the applicable arbitration rules, a Tribunal, at the request of a disputing party or, unless the disputing parties disapprove, on its own initiative, may appoint one or more experts to report to it in writing on any factual issue concerning environmental, health, safety or other scientific matters raised by a disputing party in a proceeding, subject to such terms and conditions as the disputing parties may agree.

ARTICLE 43

Interim Measures of Protection

A Tribunal may order an interim measure of protection to preserve the rights of a disputing party, or to ensure that the Tribunal's jurisdiction is made fully effective, including an order to preserve evidence in the possession or control of a disputing party or to protect the Tribunal's jurisdiction. A Tribunal may not order attachment or enjoin the application of the measure alleged to constitute a breach referred to in Article 22 (Claim by an Investor of a Party on Its Own Behalf) or 23 (Claim by an Investor of a Party on Behalf of an Enterprise). For purposes of this paragraph, an order includes a recommendation.

ARTICLE 44

Final Award

1. Where a Tribunal makes a final award against the disputing Party, the Tribunal may award, separately or in combination, only:
 - (a) monetary damages and any applicable interest;
 - (b) restitution of property, in which case the award shall provide that the disputing Party may pay monetary damages and any applicable interest in lieu of restitution.



The Tribunal may also award costs in accordance with the applicable arbitration rules.

2. Subject to paragraph 1, where a claim is made under Article 23(1) (Claim by an Investor of a Party on Behalf of an Enterprise):

- (a) an award of monetary damages and any applicable interest shall provide that the sum be paid to the enterprise;
- (b) an award of restitution of property shall provide that restitution be made to the enterprise; and
- (c) the award shall provide that it is made without prejudice to any right that any person may have in the relief under applicable domestic law.

3. A Tribunal may not order a disputing Party to pay punitive damages.

ARTICLE 45

Finality and Enforcement of an Award

1. An award made by a Tribunal shall have no binding force except between the disputing parties and in respect of that particular case.

2. Subject to paragraph 3 and the applicable review procedure for an interim award, a disputing party shall abide by and comply with an award without delay.

3. A disputing party may not seek enforcement of a final award until:

- (a) in the case of a final award made under the ICSID Convention:
 - (i) 120 days have elapsed from the date the award was rendered and no disputing party has requested revision or annulment of the award, or
 - (ii) revision or annulment proceedings have been completed; and
- (b) in the case of a final award under the ICSID Additional Facility Rules or the UNCITRAL Arbitration Rules:
 - (i) 90 days have elapsed from the date the award was rendered and no disputing party has commenced a proceeding to revise, set aside or annul the award, or
 - (ii) a court has dismissed or allowed an application to revise, set aside or annul the award and there is no further appeal.

4. Each Party shall provide for the enforcement of an award in its territory.



5. If the disputing Party fails to abide by or comply with a final award, the Commission, on delivery of a request by the Party of the disputing investor, shall establish an arbitral panel under Section D (State-to-State Dispute Settlement Procedures). The requesting Party may seek in such proceedings:

- (a) a determination that the failure to abide by or comply with the final award is inconsistent with the obligations of this Agreement; and
- (b) a recommendation that the disputing Party abide by or comply with the final award.

6. A disputing investor may seek enforcement of an arbitration award under the ICSID Convention, the New York Convention or the Inter-American Convention regardless of whether proceedings have been taken under paragraph 5.

7. A claim that is submitted to arbitration under this Section shall be considered to arise out of a commercial relationship or transaction for purposes of Article I of the New York Convention and Article I of the Inter-American Convention.

ARTICLE 46

General

Time when a Claim is Submitted to Arbitration

1. A claim is submitted to arbitration under this Section when:
- (a) the request for arbitration under paragraph (1) of Article 36 of the ICSID Convention is received by the Secretary-General;
 - (b) the notice of arbitration under Article 2 of Schedule C of the ICSID Additional Facility Rules is received by the Secretary-General; or
 - (c) the notice of arbitration given under the UNCITRAL Arbitration Rules is received by the disputing Party.

Service of Documents

2. Delivery of notice and other documents on a Party shall be made to the place named for that Party below.

For Canada:

Office of the Deputy Attorney General of Canada
Justice Building
239 Wellington Street
Ottawa, Ontario
K1A 0H8, CANADA

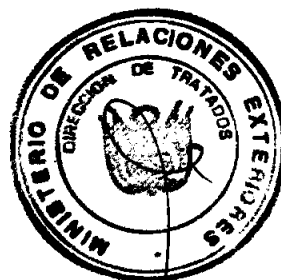
For the Republic of Peru:

Dirección General de Asuntos de Economía Internacional,
Competencia e Inversión Privada
Ministerio de Economía y Finanzas
Jirón Lampa # 277 piso 5
Lima 1, PERÚ



Receipts under Insurance or Guarantee Contracts

3. In an arbitration under this Section, a disputing Party shall not assert, as a defence, counterclaim, right of set off or otherwise, that the disputing investor has received or will receive, pursuant to an insurance or guarantee contract, indemnification or other compensation for all or part of its alleged damages.



ANNEX C.26¹⁰

**Standard Waiver and Consent
in Accordance with Article 26 of this Agreement**

In the interest of facilitating the filing of waivers as required by Article 26 of this Agreement, and to facilitate the orderly conduct of the dispute resolution procedures set out in Section C, the following standard waiver forms shall be used, depending on the type of claim.

Claims filed under Article 22 (Claim by an investor of a Party on Its Own Behalf) must be accompanied by either Form 1, where the investor is a national of a Party, or Form 2, where the investor is a Party, a state enterprise thereof, or an enterprise of such Party.

Where the claim is based on loss or damage to an interest in an enterprise of the other Party that is a juridical person that the investor owns or controls directly or indirectly, either Form 1 or 2 must be accompanied by Form 3.

Claims made under Article 23 (Claim by an Investor of a Party on Behalf of an Enterprise) must be accompanied by either Form 1, where the investor is a national of a Party, or Form 2, where the investor is a Party, a state enterprise thereof, or an enterprise of such Party, and Form 4.

Form 1

Consent and waiver for an investor of a Party bringing a claim under Article 22 or Article 23 (where the investor is a national of a Party) of the Agreement between Canada and the Republic of Peru for the Promotion and Protection of Investments of (date of entry-into-force):

I, _____ (Name of investor) _____, consent to arbitration in accordance with the procedures set out in this Agreement, and waive my right to initiate or continue before any administrative tribunal or court under the law of any Party to the Agreement, or other dispute settlement procedures, any proceedings with respect to the measure of _____ (Name of disputing Party) _____ that is alleged to be a breach referred to in Article 22 or Article 23, except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages, before an administrative tribunal or court under the law of _____ (Name of disputing Party) _____.
(To be signed and dated)



¹⁰ Subject to Annex C.27.

A handwritten signature consisting of a stylized, looped initial followed by a vertical line.

Form 2

Consent and waiver for an investor of a Party bringing a claim under Article 22 or Article 23 (where the investor is a Party, a state enterprise thereof, or an enterprise of such Party) of the Agreement between Canada and the Republic of Peru for the Promotion and Protection of Investments of (date of entry-into-force):

I, (Name of declarant), on behalf of (Name of investor), consent to arbitration in accordance with the procedures set out in this Agreement, and waive the right of (Name of investor) to initiate or continue before any administrative tribunal or court under the law of any Party to the Agreement, or other dispute settlement procedures, any proceedings with respect to the measure of (Name of disputing Party) that is alleged to be a breach referred to in Article 22 or Article 23, except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages before an administrative tribunal or court under the law of (Name of disputing Party).

I hereby solemnly declare that I am duly authorised to execute this consent and waiver on behalf of (Name of investor).
(To be signed and dated)

Form 3

Waiver of an enterprise that is the subject of a claim by an investor of a Party under Article 22 of the Agreement between Canada and the Republic of Peru for the Promotion and Protection of Investments of (date of entry-into-force):

I, (Name of declarant), waive the right of (Name of the enterprise) to initiate or continue before any administrative tribunal or court under the law of any Party to this Agreement, or other dispute settlement procedures, any proceedings with respect to the measure of (Name of disputing Party) that is alleged by (Name of investor) to be a breach referred to in Article 22, except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages, before an administrative tribunal or court under the law of (Name of disputing Party).

I hereby solemnly declare that I am duly authorised to execute this waiver on behalf of (Name of the enterprise).
(To be signed and dated)

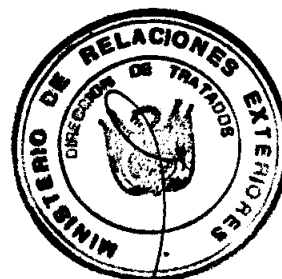


Form 4

Consent and waiver of an enterprise that is the subject of a claim by an investor of a Party under Article 23 of the Agreement between Canada and the Republic of Peru for the Promotion and Protection of Investments of (date of entry-into-force):

I, (Name of declarant), on behalf of (Name of enterprise), consent to arbitration in accordance with the procedures set out in this Agreement, and waive the right of (Name of enterprise) to initiate or continue before any administrative tribunal or court under the law of any Party to the Agreement, or other dispute settlement procedures, any proceedings with respect to the measure of (Name of disputing Party) that is alleged by (Name of investor) to be a breach referred to in Article 23, except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages before an administrative tribunal or court under the law of (Name of disputing Party).

I hereby solemnly declare that I am duly authorised to execute this consent and waiver on behalf of (Name of the enterprise).
(To be signed and dated)



ANNEX C.27

Submission of a Claim to Arbitration

1. An investor of Canada may not submit to arbitration under Section C a claim that the Republic of Peru has breached an obligation under Section B:

- (a) on its own behalf under Article 22(1)(a), or
- (b) on behalf of an enterprise of the Republic of Peru that is a juridical person that the investor owns or controls directly or indirectly under Article 23(1)(a),

if the investor or the enterprise, respectively, has alleged that breach of an obligation under Section B in proceedings before a court or administrative tribunal of the Republic of Peru.

2. An investor of Canada may not submit to arbitration under Section C a claim that the Republic of Peru has breached a legal stability agreement referred to in Articles 22(3) and 23(3):

- (a) on its own behalf under Article 22(1)(b), or
- (b) on behalf of an enterprise of the Republic of Peru that is a juridical person that the investor owns or controls directly or indirectly under Article 23(1)(b),

if the investor or the enterprise, respectively, has alleged that breach in proceedings before a court or administrative tribunal of the Republic of Peru or has submitted that claim to any other binding dispute settlement proceedings.

3. For greater certainty, if an investor of Canada elects to submit:

- (a) a claim described in paragraph 1 to a court or administrative tribunal of the Republic of Peru, or
- (b) a claim described in paragraph 2 to a court or administrative tribunal of the Republic of Peru or to any other binding dispute settlement proceedings,

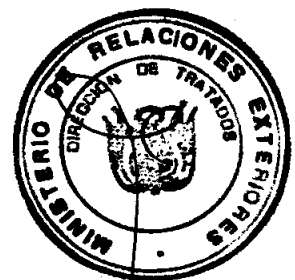
that election shall be definitive and the investor may not thereafter submit the same claim to arbitration under Section C.



ANNEX C.39

Submissions by Non-Disputing parties

1. The application for leave to file a non-disputing party submission shall:
 - (a) be made in writing, dated and signed by the person filing the application, and include the address and other contact details of the applicant;
 - (b) be no longer than 5 typed pages;
 - (c) describe the applicant, including, where relevant, its membership and legal status (*e.g.*, company, trade association or other non-governmental organization), its general objectives, the nature of its activities, and any parent organization (including any organization that directly or indirectly controls the applicant);
 - (d) disclose whether the applicant has any affiliation, direct or indirect, with any disputing party;
 - (e) identify any government, person or organization that has provided any financial or other assistance in preparing the submission;
 - (f) specify the nature of the interest that the applicant has in the arbitration;
 - (g) identify the specific issues of fact or law in the arbitration that the applicant has addressed in its written submission;
 - (h) explain, by reference to the factors specified in Article 39(4), why the Tribunal should accept the submission; and
 - (i) be made in a language of the arbitration.
2. The submission filed by a non-disputing party shall:
 - (a) be dated and signed by the person filing the submission;
 - (b) be concise, and in no case longer than 20 typed pages, including any appendices;
 - (c) set out a precise statement supporting the applicant's position on the issues; and
 - (d) only address matters within the scope of the dispute.



SECTION D - STATE-TO-STATE DISPUTE SETTLEMENT PROCEDURES

ARTICLE 47

Disputes between the Parties

1. Either Party may request consultations on the interpretation or application of this Agreement. The other Party shall give sympathetic consideration to the request. Any dispute between the Parties concerning the interpretation or application of this Agreement shall, whenever possible, be settled amicably through consultations.
2. If a dispute cannot be settled through consultations, it shall, at the request of either Party, be submitted to an arbitral panel for decision.
3. An arbitral panel shall be constituted for each dispute. Within two months after receipt through diplomatic channels of the request for arbitration, each Party shall appoint one member to the arbitral panel. The two members shall then select a national of a third State who, upon approval by the two Parties, shall be appointed Chairman of the arbitral panel. The Chairman shall be appointed within two months from the date of appointment of the other two members of the arbitral panel.
4. If within the periods specified in paragraph (3) of this Article the necessary appointments have not been made, either Party may invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Party or is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Party or is prevented from discharging the said function, the Member of the International Court of Justice next in seniority, who is not a national of either Party, shall be invited to make the necessary appointments.
5. Arbitrators shall:
 - (a) have expertise or experience in public international law, international trade or international investment rules, or the resolution of disputes arising under international trade or international investment agreements;
 - (b) be independent of, and not be affiliated with or take instructions from, either Party; and
 - (c) comply with any Code of Conduct for Dispute Settlement as agreed by the Commission.



6. Where a Party claims that a dispute involves measures relating to financial institutions, or to investors or investments of such investors in financial institutions, then

- (a) where the disputing Parties are in agreement, the arbitrators shall, in addition to the criteria set out in paragraph 5, have expertise or experience in financial services law or practice, which may include the regulation of financial institutions; or
- (b) where the disputing Parties are not in agreement,
 - (i) each disputing Party may select arbitrators who meet the qualifications set out in subparagraph (a), and
 - (ii) if the Party complained against invokes Articles 14(6) or 17, the chair of the panel shall meet the qualifications set out in subparagraph (a).

7. The arbitral panel shall determine its own procedure. The arbitral panel shall reach its decision by a majority of votes. Such decision shall be binding on both Parties. Unless otherwise agreed, the decision of the arbitral panel shall be rendered within six months of the appointment of the Chairman in accordance with paragraphs (3) or (4) of this Article.

8. Each Party shall bear the costs of its own member of the panel and of its representation in the arbitral proceedings; the costs related to the Chairman and any remaining costs shall be borne equally by the Parties. The arbitral panel may, however, in its decision direct that a higher proportion of costs be borne by one of the two Parties, and this award shall be binding on both Parties.

9. The Parties shall, within 60 days of the decision of a panel, reach agreement on the manner in which to resolve their dispute. Such agreement shall normally implement the decision of the panel. If the Parties fail to reach agreement, the Party bringing the dispute shall be entitled to compensation or to suspend benefits of equivalent value to those awarded by the panel.



SECTION E - FINAL PROVISIONS

ARTICLE 48

Consultations

A Party may request in writing consultation with the other Party regarding any actual or proposed measure or any other matter that it considers might affect the operation of this Agreement.

ARTICLE 49

Extent of Obligations

The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement, including their observance, except as otherwise provided in this Agreement, by sub-national governments.

ARTICLE 50

Commission

1. The Parties hereby agree to establish a Commission, comprising cabinet-level representatives of the Parties or their designees.
2. The Commission shall:
 - (a) supervise the implementation of this Agreement;
 - (b) resolve disputes that may arise regarding its interpretation or application;
 - (c) consider any other matter that may affect the operation of this Agreement; and
 - (d) adopt a Code of Conduct for Arbitrators.
3. The Commission may take such other action in the exercise of its functions as the Parties may agree, including amendment of the Code of Conduct for Arbitrators.
4. The Commission shall establish its rules and procedures.

ARTICLE 51

Exclusions

The dispute settlement provisions of Sections C or D of this Agreement shall not apply to the matters referred to in Annex E.51 (Exclusions from Dispute Settlement).



ARTICLE 52

Application and Entry into Force

1. The Annexes hereto shall form integral parts hereof.
2. Each Party shall notify the other in writing of the completion of the procedures required in its territory for the entry into force of this Agreement. This Agreement shall enter into force on the date of the latter of the two notifications.
3. This Agreement shall remain in force unless either Party notifies the other Party in writing of its intention to terminate it. The termination of this Agreement shall become effective one year after notice of termination has been received by the other Party. In respect of investments or commitments to invest¹¹ made prior to the date when the termination of this Agreement becomes effective, the provisions of Articles 1 to 51 inclusive, as well as paragraphs (1) and (2) of this Article, shall remain in force for a period of fifteen years.

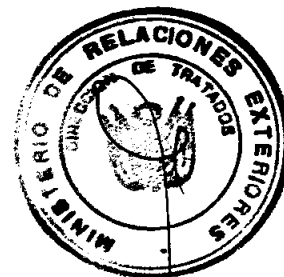


¹¹ For the purposes of this Article, commitments to invest means concrete steps taken by an investor to make an investment, according to footnote 1.

ANNEX E.51

Exclusions from Dispute Settlement

1. A decision by Canada following a review under the *Investment Canada Act*, with respect to whether or not to permit an acquisition that is subject to review, shall not be subject to the dispute settlement provisions under Sections C or D of this Agreement.
2. Issues relating to the administration or enforcement of Canada's Competition Act, its regulations, policies and practices, or any successor legislation, policies and practices and any decision pursuant to the *Competition Act* made in any cases or patterns of cases by the Commissioner of Competition, Attorney General of Canada, the Competition Tribunal, the responsible Minister or the courts, shall not be subject to the dispute settlement provisions under Sections C or D of this Agreement.
3. Issues relating to the administration or enforcement of *Peru's Legislative Decree N° 701, Law 26876, and Supreme Decree N° 039-2000-ITINCI* to the extent that it relates to false or misleading representations and deceptive marketing practices, their regulations, policies and practices, or any successor legislation, policies and practices and any decision pursuant to *Legislative Decree N° 701, Law 26876, and Supreme Decree N° 039-2000-ITINCI* to the extent that it relates to false or misleading representations and deceptive marketing practices made in any cases or patterns of cases by the Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual¹² (INDECOPI) or the Ministerio Público¹³, the responsible Minister or the courts, shall not be subject to the dispute settlement provisions under Sections C or D of this Agreement.
4. A decision by a Party to prohibit or restrict the acquisition of an investment in its territory by an investor of the other Party, or its investment, pursuant to Article 10(4) shall not be subject to the provisions of Sections C or D of this Agreement.



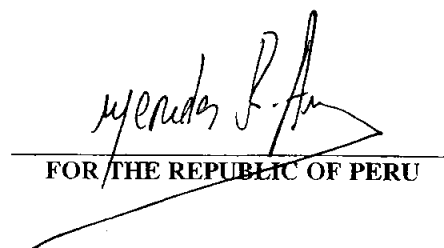
¹² The National Institute for the Defence of the Competition and Protection of the Intellectual Property.

¹³ "Ministerio Público" is the counterpart to "Attorney General of Canada" referred to in paragraph 2.

IN WITNESS WHEREOF, the undersigned, duly authorised, have signed this Agreement.

DONE in duplicate at *Hanoi* this *14th* day of *November*, 2006 in the English, French and Spanish languages, all texts being equally authentic.


FOR CANADA


FOR THE REPUBLIC OF PERU



ANNEX I - Reservations for Existing Measures and Liberalization Commitments

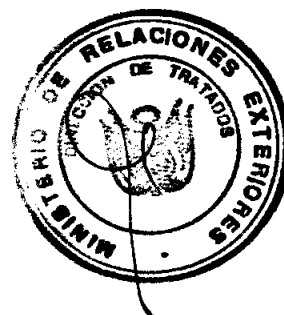
Headnote

1. The Schedule of a Party sets out, pursuant to Article 9 (1), the reservations taken by that Party with respect to existing measures by a Party that do not conform with obligations imposed by:

- (a) Article 3 (National Treatment);
- (b) Article 4 (Most-Favoured-Nation Treatment);
- (c) Article 6 (Senior Management, Boards of Directors and Entry of Personnel);
- (d) Article 7 (Performance Requirements).

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) **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 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. 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.

5. For the 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.



ANNEX I

Schedule of Canada

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)
Performance Requirements (Article 7)

Measures: *Investment Canada Act*, R.S.C. 1985, c. 28
(1st Supp.)
Investment Canada Regulations, SOR/85-611
As qualified by paragraphs 8 through 12 of the **Description** element

Description:

1. Under the *Investment Canada Act*, the following acquisitions of Canadian businesses by "non-Canadians" are subject to review by the Director of Investments:
 - (a) all direct acquisitions of Canadian businesses with assets of C\$5 million or more;
 - (b) all indirect acquisitions of Canadian businesses with assets of C\$50 million or more; and
 - (c) indirect acquisitions of Canadian businesses with assets between C\$5 million and C\$50 million that represent more than 50 percent of the value of the assets of all the entities the control of which is being acquired, directly or indirectly, in the transaction in question.
2. A "non-Canadian" is an individual, government or agency thereof or an entity that is not "Canadian". "Canadian" means a Canadian citizen or permanent resident, government in Canada or agency thereof or Canadian-controlled entity as provided for in the *Investment Canada Act*.
3. In addition, specific acquisitions or establishment of new businesses in designated types of business activities relating to Canada's cultural heritage or national identity, which are normally notifiable, may be reviewed if the Governor in Council authorizes a review in the public interest.



4. An investment subject to review under the *Investment Canada Act* may not be implemented unless the Minister responsible for the *Investment Canada Act* advises the applicant that the investment is likely to be of net benefit to Canada. Such a determination is made in accordance with six factors described in the Act, summarized as follows:

- (a) the effect of the investment on the level and nature of economic activity in Canada, including the effect on employment, on the utilization of parts, components and services produced in Canada, and on exports from Canada;
- (b) the degree and significance of participation by Canadians in the investment;
- (c) the effect of the investment on productivity, industrial efficiency, technological development and product innovation in Canada;
- (d) the effect of the investment on competition within any industry or industries in Canada;
- (e) the compatibility of the investment with national industrial, economic and cultural policies, taking into consideration industrial, economic and cultural policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the investment; and
- (f) the contribution of the investment to Canada's ability to compete in world markets.

5. In making a net benefit determination, the Minister, through the Director of Investments, may review plans under which the applicant demonstrates the net benefit to Canada of the proposed acquisition. An applicant may also submit undertakings to the Minister in connection with any proposed acquisition which is the subject of review. In the event of non-compliance with an undertaking by an applicant, the Minister may seek a court order directing compliance or any other remedy authorized under the Act.

6. Non-Canadians who establish or acquire Canadian businesses, other than those that are subject to review, as described above, must notify the Director of Investments.



7. The Director of Investments will review an "acquisition of control", as defined in the *Investment Canada Act*, of a Canadian business by an investor of the other Party if the value of the gross assets of the Canadian business is not less than the applicable threshold.

8. The higher review threshold, calculated as set out in paragraph 13, does not apply to acquisitions in the following sectors: uranium production and ownership of uranium producing properties; financial services; transportation services; and cultural businesses.

9. Notwithstanding the definition of "investor of a party" in Article 1, only investors who are nationals, or entities controlled by nationals as provided for in the *Investment Canada Act*, of the other Party may benefit from the higher review threshold.

10. An indirect "acquisition of control" of a Canadian business in any sector other than those sectors identified in paragraph 8 by an investor of the other Party is not reviewable.

11. Notwithstanding Article 7, Canada may impose requirements, or enforce any commitment or undertaking, in connection with the establishment, acquisition, expansion, conduct or operation of an investment of an investor of the other Party or of a non-Party for the transfer of technology, production process or other proprietary knowledge to a national or enterprise, affiliated to the transferor, in Canada, in connection with the review of an acquisition of an investment under the *Investment Canada Act*.

12. Except for requirements, commitments or undertakings relating to technology transfer as set out in paragraph 11, Article 7 shall apply to requirements, commitments or undertakings imposed or enforced under the *Investment Canada Act*. Article 7 shall not be construed to apply to any requirement, commitment or undertaking imposed or enforced in connection with a review under the *Investment Canada Act*, to locate production, carry out research and development, employ or train workers, or to construct or expand particular facilities, in Canada.



13. For direct acquisitions of control by investors of the other Party or for investors of a non-Party where the Canadian business is controlled by an investor of the other Party, the applicable threshold for review is C\$265 million for the year 2006 and for each year thereafter the amount determined by the Minister in January of that year arrived at by using the following formula:

Annual Adjustment =

$$\frac{\text{Current Nominal GDP at Market Prices}}{\text{Previous Year Nominal GDP at Market Prices}} \times \text{amount determined for previous year}$$

"Current Nominal GDP at Market Prices" means the average of the Nominal Gross Domestic Products at Market Prices for the most recent four consecutive quarters.

"Previous Year Nominal GDP at Market Prices" means the average of the Nominal Gross Domestic Product for the four consecutive quarters for the comparable period in the year preceding the year used in calculating the "Current Nominal GDP at Market Prices".

The amounts determined in this manner will be rounded to the nearest million dollars.



Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Measures: As set out in the **Description** element

Description: Canada or any province, 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 the other Party or of a non-Party or their investments. With respect to such a sale or other disposition, Canada or any province 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 Canada or any province 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.



Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 3)

Measures: *Canada Business Corporations Act*, R.S.C. 1985, c. C44
Canada Corporations Act, R.S.C. 1970, c. C32
Canada Business Corporations Act Regulations, SOR/79-316

Description: "Constraints" may be placed on the issue, transfer and ownership of shares in federally incorporated corporations. The object is to permit corporations to meet Canadian ownership requirements, under certain laws set out in the *Canada Business Corporations Act Regulations*, in sectors where ownership is required as a condition to operate or to receive licenses, permits, grants, payments or other benefits. In order to maintain certain "Canadian" ownership levels, a corporation is permitted to sell shareholders' shares without the consent of those shareholders, and to purchase its own shares on the open market. "Canadian" is defined in the *Canada Business Corporations Act Regulations*.



Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Measures: *Canada Business Corporations Act*, R.S.C. 1985, c. C-44
Canada Business Corporations Act Regulations, SOR/79-316
Canada Corporations Act, R.S.C. 1970, c. C-32
Special Acts of Parliament incorporating specific companies

Description: The *Canada Business Corporations Act* requires, for most federally-incorporated corporations, that 25 per cent of directors be resident Canadians. A simple majority of resident Canadian directors is required for corporations in prescribed sectors. These sectors include: uranium mining; book publishing or distribution; book sales, where the sale of books is the primary part of the corporation's business; and film or video distribution. Similarly, corporations that, by an Act of Parliament or Regulation, are individually subject to minimum Canadian ownership requirements are required to have a majority of resident Canadian directors.

For purposes of the Act, "resident Canadian" means an individual who is a Canadian citizen ordinarily resident in Canada, a citizen who is a member of a class set out in the *Canada Business Corporations Act Regulations*, or a permanent resident as defined in the *Immigration and Refugee Protection Act* other than one who has been ordinarily resident in Canada for more than one year after he or she became eligible to apply for Canadian citizenship.

In the case of a holding corporation, not more than one-third of the directors need be resident Canadians if the earnings in Canada of the holding corporation and its subsidiaries are less than five percent of the gross earnings of the holding corporation and its subsidiaries.

Under Part IV of the *Canada Corporations Act*, a simple majority of the elected directors of a Special Act corporation must be resident in Canada and citizens of a Commonwealth country. This requirement applies to every joint stock company incorporated subsequent to June 22, 1869 by any Special Act of Parliament.



Sector: All Sectors

Sub-Sector:

Industry
Classification:

Type of National Treatment (Article 3)
Reservation:

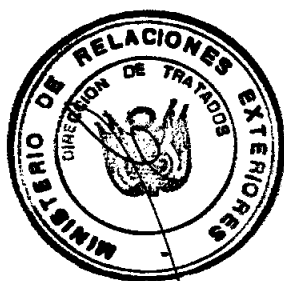
Measures: *Citizenship Act*, R.S.C. 1985, c. C-29
Foreign Ownership of Land Regulations, SOR/79-416

Description: The *Foreign Ownership of Land Regulations* are made pursuant to the *Citizenship Act* and the *Alberta Agricultural and Recreational Land Ownership Act*. In Alberta, an ineligible person or foreign-owned or controlled corporation may only hold an interest in controlled land consisting of not more than two parcels containing, in the aggregate, not more than 20 acres. An "ineligible person" is:

- (a) an individual who is not a Canadian citizen or permanent resident;
- (b) a foreign government or agency thereof; or
- (c) a corporation incorporated elsewhere than in Canada.

"Controlled land" means land in Alberta but does not include:

- (a) land of the Crown in right of Alberta;
- (b) land within a city, town, new town, village or summer village; and
- (c) mines or minerals.



Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 3)

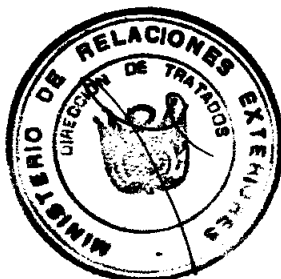
Measures: *Air Canada Public Participation Act*, R.S.C. 1985, c. 35 (4th Supp.)
Canadian Arsenals Limited Divestiture Authorization Act, S.C. 1986, c. 20
Eldorado Nuclear Limited Reorganization and Divestiture Act, S.C. 1988, c. 41
Nordion and Theratronics Divestiture Authorization Act, S.C. 1990, c. 4

Description: A "non-resident" or "non-residents" may not own more than a specified percentage of the voting shares of the corporation to which each Act applies. For some companies the restrictions apply to individual shareholders, while for others the restrictions may apply in the aggregate. Where there are limits on the percentage that an individual Canadian investor can own, these limits also apply to non-residents. The restrictions are as follows:

Air Canada: 25 percent in the aggregate;
Cameco Limited (formerly Eldorado Nuclear Limited): 15 percent per individual non-resident, 25 percent in the aggregate;
Nordion International Inc.: 25 percent in the aggregate;
Theratronics International Limited: 49 percent in the aggregate;
Canadian Arsenals Limited: 25 percent in the aggregate.

"Non-resident" generally means:

- (a) an individual, other than a Canadian citizen, who is not ordinarily resident in Canada;
- (b) a corporation incorporated, formed or otherwise organized outside Canada;
- (c) the government of a foreign state or any political subdivision thereof, or a person empowered to perform a function or duty on behalf of such a government;
- (d) a corporation that is controlled directly or indirectly by non-residents as defined in any of paragraphs (a) through (c);



(e) a trust

(i) established by a non-resident as defined in any of paragraphs (b) through (d), other than a trust for the administration of a pension fund for the benefit of individuals a majority of whom are residents, or

(ii) in which non-residents as defined in any of paragraphs (a) through (d) have more than 50 percent of the beneficial interest; or

(f) a corporation that is controlled directly or indirectly by a trust referred to in paragraph (e).



Sector: Business Service Industries

Sub-Sector: Customs Brokers

Industry Classification: SIC 7794 - Customs Brokers

Type of Reservation: Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Measures: *Customs Act, R.S.C. 1985, c. 1 (2nd Supp.)*
Customs Brokers Licensing Regulations, SOR/86-1067

Description: To be a licensed customs broker in Canada:

- (a) an individual must be a Canadian citizen or permanent resident;
- (b) a corporation must be incorporated in Canada with a majority of its directors being Canadian citizens or permanent residents; and
- (c) a partnership must be composed of persons who are Canadian citizens or permanent residents, or corporations incorporated in Canada with a majority of their directors being Canadian citizens or permanent residents.



Sector: Business Service Industries

Sub-Sector: Duty Free Shops

Industry Classification: SIC 6599 - Other Retail Stores, Not Elsewhere Classified (limited to duty free shops)

Type of Reservation: National Treatment (Article 3)

Measures: *Customs Act*, R.S.C. 1985, c. 1 (2nd Supp.)
Duty Free Shop Regulations, SOR/86-1072

- Description:**
1. To be a licensed duty free shop operator at a land border crossing in Canada, an individual must:
 - (a) be a Canadian citizen or permanent resident;
 - (b) be of good character;
 - (c) be principally resident in Canada; and
 - (d) have resided in Canada for at least 183 days of the year preceding the year of application for the license.
 2. To be a licensed duty free shop operator at a land border crossing in Canada, a corporation must:
 - (a) be incorporated in Canada; and
 - (b) have all of its shares beneficially owned by Canadian citizens or permanent residents who meet the requirements of paragraph 1.



Sector: Business Service Industries

Sub-Sector: Examination Services relating to the Export and Import of Cultural Property

Industry Classification: SIC 999 - Other Services, Not Elsewhere Classified (limited to cultural property examination services)

Type of Reservation: National Treatment (Article 3)

Measures: *Cultural Property Export and Import Act*, R.S.C. 1985, c. C-51

Description: Only a "resident of Canada" or an "institution" in Canada may be designated as an "expert examiner" of cultural property for purposes of the *Cultural Property Export and Import Act*. A "resident of Canada" is an individual who is ordinarily resident in Canada, or a corporation that has its head office in Canada or maintains one or more establishments in Canada to which employees employed in connection with the business of the corporation ordinarily report for work. An "institution" is an institution that is publicly owned and operated solely for the benefit of the public, that is established for educational or cultural purposes and that conserves objects and exhibits them.



Sector: Business Service Industries

Sub-Sector: Patent Agents and Agencies

Industry Classification: SIC 999 - Other Services, Not Elsewhere Classified (limited to patent agency)

Type of Reservation: National Treatment (Article 3)
Performance Requirements (Article 7)

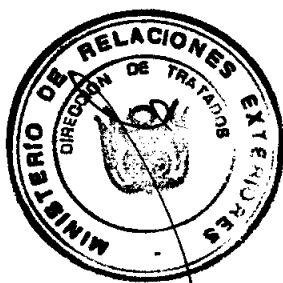
Measures: *Patent Act, R.S.C. 1985, c. P-4*
Patent Rules, C.R.C. 1978, c. 1250

Description: *Patent Cooperation Treaty Regulations, SOR/89-453*

To represent persons in the presentation and prosecution of applications for patents or in other business before the Patent Office, a patent agent must be resident in Canada and registered by the Patent Office.

A registered patent agent who is not resident in Canada must appoint a registered patent agent who is resident in Canada as an associate to prosecute an application for a patent.

An enterprise may be added to the patent register provided that it has at least one member who is also on the register.



Sector: Business Service Industries

Sub-Sector: Trade-Mark Agents

Industry Classification: SIC 999 - Other Services, Not Elsewhere Classified (limited to trade-mark agency)

Type of Reservation: National Treatment (Article 3)
Performance Requirements (Article 7)

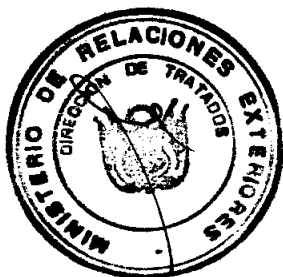
Measures: *Trade-Marks Act*, R.S.C. 1985, c. T-13
Trade-mark Regulations (1996), SOR/96-195

Description:

To represent persons in the presentation and prosecution of applications for trade-marks or in other business before the Trade-Mark Office, a trade-mark agent must be resident in Canada and registered by the Trade-Mark Office.

A registered trade-mark agent who is not resident in Canada must appoint a registered trade-mark agent who is resident in Canada as an associate to prosecute an application for a trade-mark.

A firm may be added to the list of trade-marks agents provided that it has at least one member who is also on the register.



Sector: Energy

Sub-Sector: Oil and Gas

Industry Classification: SIC 071 - Crude Petroleum and Natural Gas Industries

Type of Reservation: National Treatment (Article 3)

Measures: *Canada Petroleum Resources Act*, R.S.C. 1985, c. 36 (2nd Supp.)
Territorial Lands Act, R.S.C. 1985, c. T-7
Federal Real Property and Federal Immovables Act, S.C. 1991, c. 50
Canada-Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c. 3
Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act, S.C. 1988, c. 28
Canada Oil and Gas Land Regulations, C.R.C. 1978, c. 1518

Description: This reservation applies to production licenses issued with respect to "frontier lands" and "offshore areas" (areas not under provincial jurisdiction) as defined in the applicable measures.

Persons who hold oil and gas production licenses or shares therein for discoveries made after March 5, 1982, must be corporations incorporated in Canada.

The Canadian ownership requirements for oil and gas production licenses for discoveries made prior to March 5, 1982, are set out in the *Canada Oil and Gas Land Regulations*.



Sector: Energy

Sub-Sector: Oil and Gas

Industry Classification: SIC 071 - Crude Petroleum and Natural Gas Industries

Type of Reservation: Performance Requirements (Article 7)

Measures: *Canada Oil and Gas Production and Conservation Act*, R.S.C. 1985, c.O-7, as amended by *Canada Oil and Gas Operations Act*, S.C. 1992, c.35
Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act, S.C. 1988, c. 28
Canada - Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c.3
Measures implementing Yukon Oil and Gas Accord
Measures implementing Northwest Territories Oil and Gas Accord

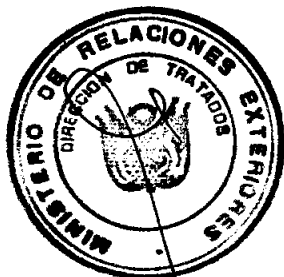
Description: 1. Under the *Canada Oil and Gas Operations Act*, the approval of the Minister of Energy, Mines and Resources of a "benefits plan" is required to receive authorization to proceed with any oil and gas development project.

2. A "benefits plan" is a plan for the employment of Canadians and for providing Canadian manufacturers, consultants, contractors and service companies with a full and fair opportunity to participate on a competitive basis in the supply of goods and services used in any proposed work or activity referred to in the benefits plan.

The Act permits the Minister to impose an additional requirement on the applicant, as part of the benefits plan, to ensure that disadvantaged individuals or groups have access to training and employment opportunities or can participate in the supply of goods and services used in any proposed work referred to in the benefits plan.

3. The *Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and the *Canada - Newfoundland Atlantic Accord Implementation Act* have the same requirement for a benefits plan but also require that the benefits plan ensure that:

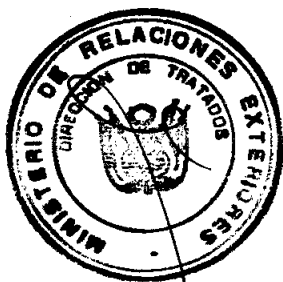
- (a) prior to carrying out any work or activity in the offshore area, the corporation or other body submitting the plan establish in the applicable province an office where appropriate levels of decision-making are to take place;
- (b) expenditures be made for research and development to be carried out in the province, and for education and training to be provided in the province; and
- (c) first consideration be given to goods produced or services provided from within the province, where those goods or services are competitive in terms of fair market price, quality and delivery.



4. The Boards administering the benefits plan under these Acts may also require that the plan include provisions to ensure that disadvantaged individuals or groups, or corporations owned or cooperatives operated by them, participate in the supply of goods and services used in any proposed work or activity referred to in the plan.

5. In addition, Canada may impose any requirement or enforce any commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a person of Canada in connection with the approval of development projects under the applicable Acts.

6. Provisions similar to those set out above will be included in laws or regulations to implement the Yukon Oil and Gas Accord and Northwest Territories Oil and Gas Accord which for purposes of this reservation shall be deemed, once concluded, to be existing measures.



Sector: Energy

Sub-Sector: Oil and Gas

Industry Classification: SIC 071 - Crude Petroleum and Natural Gas Industries

Type of Reservation: Performance Requirements (Article 7)

Measures: *Canada - Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c. 3*
Hibernia Development Project Act, S.C. 1990, c. 41

Description: Pursuant to the *Hibernia Development Project Act*, Canada and the "Hibernia Project Owners" may enter into agreements whereby the Project Owners undertake to perform certain work in Canada and Newfoundland and to use their "best efforts" to achieve specific Canadian and Newfoundland "target levels" in relation to the provisions of any "benefits plan" required under the *Canada-Newfoundland Atlantic Accord Implementation Act*. "Benefits plans" are further described in Schedule of Canada, Annex I.

In addition, Canada may impose in connection with the Hibernia project any requirement or enforce any commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a national or enterprise in Canada.



Sector: Energy

Sub-Sector: Uranium

Industry Classification: SIC 0616 - Uranium Mines

Type of Reservation: National Treatment (Article 3)
Most-Favoured-Nation Treatment (Article 4)

Measures: *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.)
Investment Canada Regulations, SOR/85-611
Policy on Non Resident Ownership in the Uranium Mining Sector, 1987

Description: Ownership by "non-Canadians", as defined in the *Investment Canada Act*, of a uranium mining property is limited to 49 percent at the stage of first production. Exceptions to this limit may be permitted if it can be established that the property is in fact "Canadian controlled" as defined in the *Investment Canada Act*.

Exemptions from the policy are permitted, subject to approval of the Governor in Council, only in cases where Canadian participants in the ownership of the property are not available. Investments in properties by non Canadians, made prior to December 23, 1987, and that are beyond the permitted ownership level, may remain in place. No increase in non-Canadian ownership is permitted.



Sector: Fisheries

Sub-Sector: Fish Harvesting and Processing

Industry Classification: SIC 031 - Fishing Industry

Type of Reservation: National Treatment (Article 3)
Most-Favoured-Nation Treatment (Article 4)

Measures: *Coastal Fisheries Protection Act*, R.S.C. 1985, c. C33
Fisheries Act, R.S.C. 1985, c. F14
Coastal Fisheries Protection Regulations, C.R.C. 1978, c. 413
Policy on Foreign Investment in the Canadian Fisheries Sector, 1985
Commercial Fisheries Licensing Policy

Description: Under the *Coastal Fisheries Protection Act*, foreign fishing vessels are prohibited from entering Canada's Exclusive Economic Zone except under authority of a license or under treaty. "Foreign" vessels are those which are not "Canadian" as defined in the *Coastal Fisheries Protection Act*. Under the *Fisheries Act*, the Minister of Fisheries and Oceans has discretionary authority with respect to the issuance of licenses.

Fish processing enterprises that have a foreign ownership level of more than 49 percent are prohibited from holding Canadian commercial fishing licenses.



Sector: Transportation
Sub-Sector: Air Transportation
Industry Classification: SIC 451 - Air Transport Industries
Type of Reservation: National Treatment (Article 3)
Most-Favoured-Nation Treatment (Article 4)

Measures: *Canada Transportation Act, S.C. 1996, c.10*
Aeronautics Act, R.S.C. 1985, c.A-2
Canadian Aviation Regulations
Part II "Aircraft Markings & Registration"
Part IV "Personnel Licensing & Training"

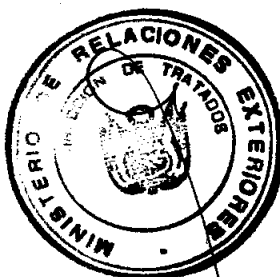
Description: Part VII "Commercial Air Services"
The *Canada Transportation Act*, in Section 55, defines "Canadian" in the following manner:

"... 'Canadian' means a Canadian citizen or a permanent resident within the meaning of the Immigration and Refugee Protection Act, a government in Canada or an agent of such a government or a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least seventy-five per cent, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians..."

Regulations made under the *Aeronautics Act* incorporate by reference the definition of "Canadian" found in the *Canada Transportation Act*. These Regulations require that a Canadian operator of commercial air services operate Canadian-registered aircraft. These regulations require an operator to be Canadian in order to obtain a Canadian Air Operator Certificate and to qualify to register aircraft as "Canadian".

Only "Canadians" may provide the following commercial air transportation services:

- (a) "domestic services" (air services between points, or from and to the same point, in the territory of Canada, or between a point in the territory of Canada and a point not in the territory of another country) ;
- (b) "scheduled international services" (scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those services have been reserved to Canadian carriers under existing or future air services agreements;
- (c) "non-scheduled international services" (non-scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those services have been reserved to Canadian carriers under the *Canada Transportation Act*.



- (d) "specialty air services" (include, but are not limited to: aerial mapping, aerial surveying, aerial photography, forest fire management, fire-fighting, aerial advertising, glider towing, parachute jumping, aerial construction, heli-logging, aerial inspection, aerial surveillance, flight training, aerial sightseeing and aerial crop spraying).

No foreign individual may own a Canadian-registered aircraft for private use.

A corporation incorporated in Canada but that does not meet the Canadian ownership and control requirements may only register an aircraft for private use when the corporation is the sole owner of the aircraft. The *Canadian Aviation Regulations* also have the effect of limiting "non-Canadian" corporations operating foreign-registered private aircraft within Canada to the carriage of their own employees.



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 4553 Marine Salvage Industry
SIC 4559 Other Service Industries Incidental to Water Transport

Type of Reservation: National Treatment (Article 3)

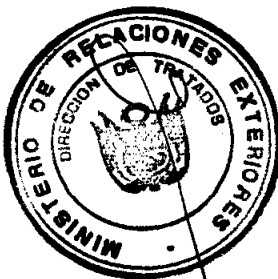
Measures: *Canada Shipping Act, R.S.C. 1985, c. S-9, Part I*

Description: (1) To register a ship in Canada, the owner of that ship or the person who has exclusive possession of that ship must be:

- (a) a Canadian citizen or a permanent resident within the meaning of subsection 2(1) of the *Immigration and Refugee Protection Act*,
- (b) a corporation incorporated under the laws of Canada or a province, or
- (c) when the ship is not already registered in another country, a corporation incorporated under the laws of a country other than Canada if one of the following is acting with respect to all matters relating to the ship, namely,
 - i. a subsidiary of the corporation that is incorporated under the laws of Canada or a province,
 - ii. an employee or director in Canada of any branch office of the corporation that is carrying on business in Canada, or
 - iii. a ship management company incorporated under the laws of Canada or a province.

(2) A ship registered in a foreign country which has been bareboat chartered may be listed in Canada for the duration of the charter while the ship's registration is suspended in its country of registry, if the charterer is:

- (a) a Canadian citizen or permanent resident as defined in subsection 2(1) of the *Immigration and Refugee Protection Act*, or
- (b) a corporation incorporated under the laws of Canada or a province.



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 4553	Marine Salvage Industry
SIC 4554	Piloting Service, Water Transport Industry
SIC 4559	Other Service Industries Incidental to Water Transport

Type of Reservation: Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Measures: *Canada Shipping Act, R.S.C. 1985, c. S-9, Part II*
Marine Certification Regulations, SOR 97-391

Description: Masters, mates, engineers and certain other seafarers must hold certificates granted by the Minister of Transport as a requirement of service on Canadian registered ships. Such certificates may be granted only to Canadian citizens or permanent residents.



Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification: SIC 4554 Piloting Service, Water Transport Industry

Type of Reservation: Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Measures: *Pilotage Act, R.S.C., 1985, c. P-14*

General Pilotage Regulations, SOR/2000-132

Atlantic Pilotage Authority Regulations, C.R.C. 1978, c. 1264

Laurentian Pilotage Authority Regulations, C.R.C. 1978, c. 1268

Great Lakes Pilotage Regulations, C.R.C. 1978, c. 1266

Pacific Pilotage Regulations, C.R.C. 1978, c. 1270

Description: A licence or a pilotage certificate issued by the relevant regional Pilotage Authority is required to provide pilotage services in the compulsory pilotage waters of the territory of Canada. Only Canadian citizens or permanent residents may obtain such a licence or pilotage certificate. A permanent resident of Canada who has been issued a pilot's licence or pilotage certificate must become a Canadian citizen within five years of receipt of such licence or pilotage certificate in order to retain it.



ANNEX I

Schedule of the Republic of Peru

Sector: All Sectors

Type of Reservation: National Treatment (Article 3)

Measures: *Constitución Política del Perú (1993), Artículo 71.*

Decreto Legislativo N° 757, Diario Oficial "El Peruano" del 13 de noviembre de 1991, Ley Marco para el Crecimiento de la Inversión Privada, Artículo 13.

Description: No foreign national, enterprise organized under foreign law or enterprise organized under Peruvian law and owned in whole or part, directly or indirectly, by foreign nationals may acquire or own by any title, directly or indirectly, land or water (including a mine, forest land, or energy sources) located within 50 kilometers of the Peruvian border. Exceptions may be authorized by Supreme Decree approved by the Council of Ministers in cases of expressly declared public necessity.¹⁴



¹⁴ Investors may request an exception by filing a request with the relevant Ministry. For example, authorizations have been granted in the mining sector.

Sector: Notary Services

Type of Reservation: National Treatment (Article 3)

Measures: *Decreto Ley N° 26002, Diario Oficial El Peruano del 27 de Diciembre de 1992, Ley del Notariado, Artículos 5 (modificado por Ley N° 26741) y Artículo 10 (modificado por Ley N° 27094).*

Description: Only a Peruvian national by birth may supply notary services.

Accordingly, foreign persons cannot be notaries, nor own a notary firm in the Republic of Peru.



Sector: Architecture Services

Type of Reservation: National Treatment (Article 3)

Measures: *Ley N° 14085, Diario Oficial "El Peruano" del 30 de junio de 1962, Ley de Creación del Colegio de Arquitectos del Perú.*

Ley N° 16053, Diario Oficial "El Peruano" del 14 de febrero de 1966, Ley del Ejercicio Profesional, Autoriza a los Colegios de Arquitectos e Ingenieros del Perú para supervisar a los profesionales de Ingeniería y Arquitectura de la República, Artículo 1.

Acuerdo del Consejo de Arquitectos, del 06 de octubre de 1987.

Description: To obtain temporary registration, non-resident foreign architects must have a contract of association with a Peruvian architect residing in Republic of Peru.

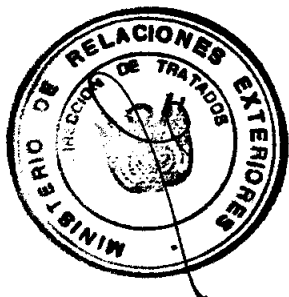


Sector: Security Services

Type of Reservation: Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Measures: *Decreto Supremo N° 005-94-IN, Diario Oficial "El Peruano" del 12 de mayo de 1994, Reglamento de Servicios de Seguridad Privada, Artículos 81 y 83.*

Description: Senior managers of an enterprise that supplies security services must be Peruvian nationals by birth and be residents of the Republic of Peru.



Sector: Transportation
Air Transport
Specialty Air Services

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)

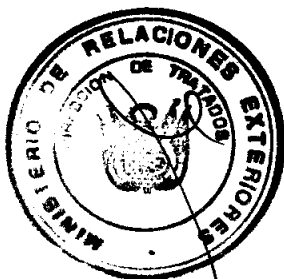
Measures: *Ley N° 27261, Diario Oficial "El Peruano" del 10 de mayo del 2000, Ley de Aeronáutica Civil, Artículo 79.*

Decreto Supremo N° 050-2001-MTC, Diario Oficial "El Peruano" del 26 de diciembre de 2001, Reglamento de la Ley de Aeronáutica Civil, Artículos 147, 159, 160 y VI Disposición Complementaria.

Description: National Commercial Aviation Service is reserved to a Peruvian natural or juridical person. National Commercial Aviation Service includes specialty air services.

For purposes of this entry, a Peruvian juridical person is an enterprise that fulfils the following requirements:

- (a) is constituted under Peruvian law, specifies commercial aviation as its corporate purpose, is domiciled in the Republic of Peru, and has its principal activities and administration located in the Republic of Peru;
- (b) at least half plus one of the directors, managers, and persons who control or manage the enterprise are Peruvian nationals or have permanent domicile or are normally resident in the Republic of Peru; and
- (c) at least 51 percent of the capital must be owned by Peruvian nationals and be under the real and effective control of Peruvian shareholders or partners permanently domiciled in the Republic of Peru. (This limitation shall not apply to the enterprises constituted under law N° 24882, which may maintain the ownership percentages set in such law). Six months after the date of authorization of the enterprise to provide commercial air transportation services, foreign nationals may own up to 70% of the capital of the enterprise.



Sector: Transportation
Water Transportation

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Measures: *Ley N° 28583, Ley de Reactivación y Promoción de la Marina Mercante Nacional, Diario Oficial "El Peruano" del 22 de julio de 2005, Artículos 4.1, 6.1, 7.1, 7.2, 7.4 y 13.6.*

Decreto Supremo N° 028 DE/MGP, Diario Oficial "El Peruano" de 25 de mayo de 2001, Reglamento de la Ley N° 26620, Artículo I-010106, literal a).

Description:

1. Only a "National shipowner" or "National Ship Enterprise" may supply maritime cabotage services.¹⁵ A "National shipowner" or "National Ship Enterprise" means a Peruvian national or juridical person organized under Peruvian law, with its principal domicile and real and effective headquarters in the Republic of Peru, whose business is to provide water transportation services for cabotage or international traffic and which is the owner or lessee under a financial lease or a bareboat charter, with an obligatory purchase option, of at least one Peruvian flag merchant ship and that has obtained the relevant Operation Permit from the General Aquatic Transport Directorate.
2. At least 51 percent of the subscribed and paid-in capital must be owned by Peruvian citizens.
3. The chairman of the board of directors, a majority of the directors, and the General Manager of a National Ship Enterprise must be nationals and resident in the Republic of Peru.
4. The captain of the Peruvian-flagged vessels must be a Peruvian national and the crew must have at least 80% of Peruvian nationals authorized by the "Dirección General de Capitanías y Guardacostas". In cases where there is no duly qualified Peruvian captain, a foreign national may be authorized to serve as captain.
5. Only a Peruvian national may be a licensed harbour pilot.
6. Cabotage is exclusively reserved to Peruvian flagged vessels owned by a National Shipowner or National Ship Enterprise or leased under a financial lease or a bareboat charter, with an obligatory purchase option, except that:



¹⁵ For greater certainty, maritime cabotage services includes transport by lakes and rivers.

- (i) Twenty-five per cent of the transport of hydrocarbons in national waters is reserved for the boats of the Peruvian Navy; and
- (ii) Foreign-flagged vessels may be used by a National Shipowner or National Ship Enterprise for a period of no more than six months for water transportation exclusively between Peruvian ports or cabotage when such an entity does not own its own vessels or lease vessels.



Sector: All Sectors

Type of Reservation: Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Measures: *Decreto Legislativo N° 689, Ley para la Contratación de Trabajadores Extranjeros, Diario Oficial "El Peruano" del 05 de noviembre de 1991, Artículos 1, 2, 4, 5 (modificado por Ley N° 26196) y 6.*

Description: All employers in the Republic of Peru, independently of their activity or nationality, shall give preferential treatment to nationals when hiring its employees.

Foreign natural persons who are service providers and who are employed by service-provider companies may provide said services in the Republic of Peru upon execution of a written employment agreement for a set period of time not to exceed 3 years, which may be subsequently extended for like periods of time. Service-providing companies must show proof of the commitment to train national personnel in the same occupation.

Foreign natural persons may not represent more than 20 per cent of the total number of employees of an enterprise, and their pay may not exceed 30 per cent of the total payroll for wages and salaries. These percentages will not apply in the following cases:

- When the foreign nationals providing services are the spouse, parent, child, or sibling of a Peruvian national;
- Foreign employees working for foreign companies providing international land, air and water transport under a foreign flag and registration;
- Foreign employees of multinational service companies or banks, subject to the laws governing specific cases;¹⁶
- Foreign investors, whenever its investment permanently maintains in the Republic of Peru at least 5 tributary tax units during the life of their contract;¹⁷
- Artists, athletes or other service-providers engaged in public performances in Peruvian territory, for a maximum of three months a year;
- Foreign nationals with immigrant visa;
- Foreign nationals whose countries have labour reciprocity or double nationality agreements with the Republic of Peru;
- Foreign personnel providing services in the country on behalf of bilateral or multilateral agreements celebrated by the Peruvian Government.

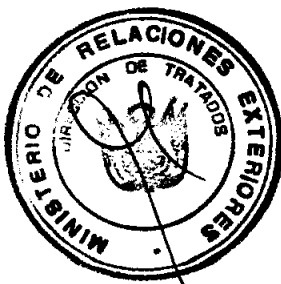


¹⁶ At the moment, there is no entity covered by this exception.

¹⁷ The Tributary Tax Unit (UIT) is an amount of reference that is used in the tributary norms in order to maintain in constant values the taxes basis, deductions, affectation limits and other aspects of the tributes that the legislator considers convenient.

Employers may request waivers for the percentages related to the number of foreign employees and their share of the company's payroll in those cases involving:

- Specialized professional or technical personnel;
- Directors or management personnel for new or converted business activities;
- Teachers hired for post secondary education, or for foreign private elementary and high schools; or for foreign language teaching in local private schools; or for specialized language centers;
- Personnel working for public or private companies with contractual agreements with Public institutions;
- In any other case determined by supreme decree pursuant to specialization, qualification or experience criteria.



Annex II - Reservations for Future Measures

Headnote

1. The Schedule of a Party sets out, pursuant to Article 9 (2), the reservations taken by that Party with respect to 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) National Treatment (Article 3);
- (b) Most-Favoured-Nation Treatment (Article 4);
- (c) Senior Management, Boards of Directors and Entry of Personnel (Article 6);
- (d) Performance Requirements (Article 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, 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; and
- (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 shall be considered. The **Description** element shall prevail over all other elements.

4. For the 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.



ANNEX II

Schedule of Canada

Sector: Aboriginal Affairs

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 3)
Most-Favoured-Nation Treatment (Article 4)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)
Performance Requirements (Article 7)

Description: Canada reserves the right to adopt or maintain any measure denying investors of the other Party and their investments any rights or preferences provided to aboriginal peoples.

Existing Measures: *Constitution Act, 1982*, being Schedule B of the *Canada Act 1982* (U.K.), 1982, c. 11



Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 3)

Description: Canada reserves the right to adopt or maintain any measure relating to residency requirements for the ownership by investors of the other Party, or their investments, of oceanfront land.

Existing Measures:



Sector: Communications

Sub-Sector: Telecommunications Transport Networks and Services, Radiocommunications and Submarine Cables

Industry Classification: CPC 752 Telecommunications Services

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Description:

Canada reserves the right to adopt or maintain any measure:

- (a) permitting foreign investment in facilities-based telecommunications service suppliers up to no more 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 suppliers be controlled in fact by Canadians;
- (c) requiring that at least 80 percent of the members of the board of directors of facilities-based telecommunications service suppliers be Canadian;
- (d) subjecting facilities-based telecommunications service suppliers that exceeded the permissible cumulative foreign investment level on 22 July 1987 and continue to exceed this level to restrictions.

Exceptions to this reservation are:

- (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

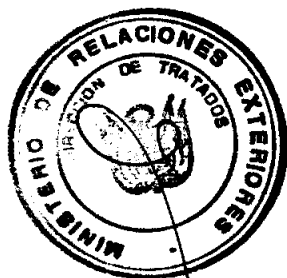
Sub-Sector: Telecommunications Transport Networks and Services, Radiocommunications
Telecommunication Services

Industrial Classification: CPC 7529 Other Telecommunication Services
CPC 7549 Other Telecommunications Services Not Elsewhere Classified

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Description: Canada reserves the right to adopt or maintain any measure relating to the provision of or investment in telecommunications services classified in CPC 7529, excluding mobile services, and CPC 7549.

Existing Measures: *Radiocommunication Act, R.S.C. 1985, c. R-2*
Radiocommunication Regulations SOR/96-484
Telecommunications Act, S.C. 1993, c. 38
Canadian Telecommunications Common Carrier Ownership and Control Regulations SOR/94-667



Sector: Communications

Sub-Sector: Telecommunications Transport Networks and Services, Radiocommunications

Industrial 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 3)

Description: Canada reserves the right to adopt or maintain any measure that may limit competition in the provision of interexchange voice telephone service in the serving areas of Northwestel Inc., Ontario Northland Transportation Commission, and Prince Rupert City Telephones.

Existing Measures: *Telecommunications Act*, S.C. 1993, c.38
Radiocommunication Act, R.S.C. 1985, c. R-2



Sector: Communications

Sub-Sector: Telecommunications Transport Networks and Services

Industrial 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 3)

Description: Canada reserves the right to adopt or maintain any measure that may limit competition in the provision of local wireline telephone services in the serving areas of Northwestel Inc., Ontario Northland Transportation Commission, Prince Rupert City Telephones, Telus Communications (Edmonton) Inc. and the other independent telephone companies listed in CRTC Telecom Public Notice 95-15.

Existing Measures: *Telecommunications Act, S.C. 1993, c. 38*



Sector: Government Finance

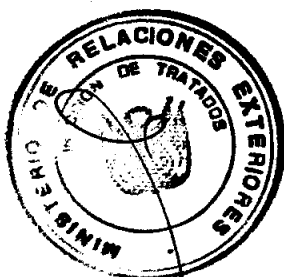
Sub-Sector: Securities

Industrial Classification: SIC 8152 - Finance and Economic Administration

Type of Reservation: National Treatment (Article 3)

Description: Canada reserves the right to adopt or maintain any measure relating to the acquisition, sale or other disposition by nationals of the other Party of bonds, treasury bills or other kinds of debt securities issued by the Government of Canada, a province or local government.

Existing Measures: *Financial Administration Act, R.S.C. 1985, c. F-11*



Sector: Minority Affairs

Sub-Sector:

Industrial Classification:

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)
Performance Requirements (Article 7)

Description: Canada reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities.

Existing Measures:



Sector: Services

Sub-Sector:

Industrial Classification:

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)
Performance Requirements (Article 7)

Description: Canada reserves the right to adopt or maintain any measure that is not inconsistent with Canada's obligations under Articles XVI, XVII and XVIII of the *WTO General Agreement on Trade in Services*.

Existing Measures:



Sector: Social Services

Sub-Sector:

Industrial Classification:

Type of Reservation: National Treatment (Article 3)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)

Description: Canada reserves the right to adopt or maintain any measure with respect to the provision of public law enforcement and correctional services, and 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: Water Transportation

Industry Classification:

SIC 4129	Other Heavy Construction (limited to dredging)
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)

Type of Reservation:

National Treatment (Article 3)
Most-Favoured-Nation Treatment (Article 4)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)
Performance Requirements (Article 7)

Description:

Canada reserves the right to adopt or maintain any measure relating to investment in or provision of maritime cabotage services, including:

- (a) the transportation of either goods or passengers by ship between points in the territory of Canada or above the continental shelf of Canada, either directly or by way of a place outside Canada; but with respect to waters above the continental shelf of Canada, the transportation of either goods or passengers only in relation to the exploration, exploitation or transportation of the mineral or non-living natural resources of the continental shelf of Canada; and
- (b) the 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 such other marine activities of a commercial nature that are in relation to the exploration, exploitation or transportation of the mineral or non-living natural resources of the continental shelf of Canada.

Existing Measures:

Coasting Trade Act, S.C. 1992, c. 31
Canada Shipping Act, R.S.C. 1985, c. S-9
Customs Act, R.S.C. 1985, c. 1 (2nd Supp.)
Customs and Excise Offshore Application Act, R.S.C. 1985, c. C-53



ANNEX II

Schedule of the Republic of Peru

Sector: Indigenous Communities, Peasant, Native, and Minority Affairs

Type of Reservation: National Treatment (Article 3)
Most-Favoured-Nation Treatment (Article 4)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)
Performance Requirements (Article 7)

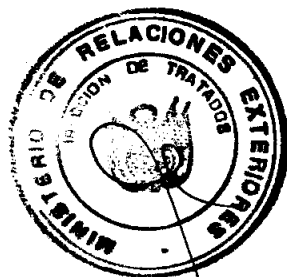
Description: The Republic of Peru reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities and ethnic groups. For purposes of this entry, ethnic groups means: indigenous and native communities; minorities includes peasant (*campesinos*) communities.



Sector: Fishing

Type of Reservation: National Treatment (Article 3)
Most-Favoured-Nation Treatment (Article 4)
Performance Requirements (Article 7)

Description: The Republic of Peru reserves the right to adopt or maintain any measure relating to artisanal fishing.



Sector: Handicraft Industries

Type of Reservation: National Treatment (Article 3)
Performance Requirements (Article 7)

Description: The Republic of Peru reserves the right to adopt or maintain any measure relating to the design, distribution, retailing, or exhibition of handicrafts that are identified as Peruvian handicrafts.

Performance requirements shall in all cases be consistent with the WTO Agreement on Trade-Related Investment Measures.



Sector: Jewellery Design
Theater arts
Visual arts
Music

Type of Reservation: Performance Requirements (Article 7)

Description: The Republic of Peru reserves the right to adopt or maintain any measure conditioning the receipt or continued receipt of government support¹⁸ for the development and production of jewellery design, theatre arts, visual arts and music on the recipient achieving a given level or percentage of domestic creative content.

For greater certainty, this entry does not apply to advertising.

For greater certainty, this reservation is without prejudice to the scope and application of the exception relating to investments in cultural industries.



¹⁸ For purposes of this entry, "government support" means tax incentives, incentives on mandatory contributions, government grants, government supported loans, guarantees, or trusts, or insurance provided by a government, irrespective of whether a private entity is wholly or partially responsible for its management. However, a measure is not covered by this entry to the extent that it is inconsistent with Article 16 (Taxation Measures).

Sector: Social Services

Type of Reservation: National Treatment (Article 3)
Most-Favoured-Nation Treatment (Article 4)
Senior Management, Boards of Directors and Entry of Personnel (Article 6)
Performance Requirements (Article 7)

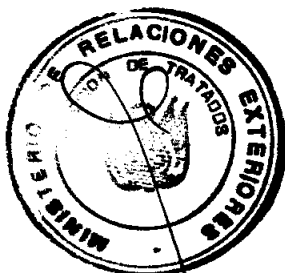
Description: The Republic of Peru reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent that they are social services established or maintained for a public purpose: income security and insurance, social security, social welfare, public education, public training, health, and childcare.



ANNEX III

Exceptions from Most-Favoured-Nation Treatment

1. Article 4 shall not apply to treatment accorded under all bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement.
2. Article 4 shall not apply to treatment by a Party pursuant to any existing or future bilateral or multilateral agreement:
 - (a) establishing, strengthening or expanding a free trade area or customs union; or
 - (b) relating to:
 - (i) aviation;
 - (ii) fisheries;
 - (iii) maritime matters, including salvage.
3. For greater certainty, Article 4 shall not apply to any current or future foreign aid programme to promote economic development, whether under a bilateral agreement, or pursuant to a multilateral arrangement or agreement, such as the OECD Agreement on Export Credits.



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EL DIRECTOR DE TRATADOS DEL
MINISTERIO DE RELACIONES EXTERIORES

C E R T I F I C A :

*Que la presente es copia fiel del original
que se encuentra registrado en la Ficha
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Lima, 19 FEB 2007



CARLO A. DOVÓN RUIZ-CARO
Embajador
Director de Tratados