**Annex II**

**Non-Conforming Measures referred to**

**in paragraph 2 of Article 7**

1. The Schedule of a Contracting Party sets out, pursuant to paragraph 2 of Article 7, the specific sectors, sub-sectors or activities for which that Contracting Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

(a) Article 2;

(b) Article 3; or

(c) Article 6.

2. Each Schedule entry sets out the following elements:

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

(b) “Sub-Sector”, where referenced, refers to the specific sub-sector for which the entry is made;

(c) “Industry Classification”, where referenced, and only for transparency purposes, refers to the activity covered by the non-conforming measure, according to domestic or international industry classification codes;

(d) “Obligations Concerned” specifies the obligations referred to in paragraph 1 that, pursuant to paragraph 2 of Article 7, do not apply to the sectors, sub-sectors or activities listed in the entry;

(e) “Description” sets out the scope or nature of the sectors, sub-sectors or activities covered by the entry; and

(f) “Existing Measures”, where specified, identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, sub-sectors or activities covered by the entry.

3. In the interpretation of an entry, all elements of the entry shall be considered. The “Description” element shall prevail over all other elements.

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

5. For the purposes of this Annex, the term “Classification of Economic Activity HD-011-2013” means Armenian Classification of Types of Economic Activity set out by the Ministry of Economy of the Republic of Armenia on September 19, 2013.

Schedule of Japan

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| 1 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing  Measures: | All  National Treatment (Article 2)  Prohibition of Performance Requirements (Article 6)  When transferring or disposing of its equity interests in, or the assets of, a state enterprise or a governmental entity, Japan reserves the right to:  (a) prohibit or impose limitations on the ownership of such interests or assets by investors of the Republic of Armenia or their investments;  (b) impose limitations on the ability of investors of the Republic of Armenia or their investments as owners of such interests or assets to control any resulting enterprise; or  (c) adopt or maintain any measure relating to the nationality of executives, managers or members of the board of directors of any resulting enterprise. |
| 2 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing Measures: | All  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  Japan reserves the right to adopt or maintain any measure relating to investment in telegraph services, postal services, betting and gambling services, manufacture of tobacco products, manufacture of Bank of Japan notes and minting and sale of coinage in Japan. |
| 3 | Sector:  Sub-Sector:  Industry Classification:  Obligations Concerned:  Description:  Existing Measures: | All  Most-Favoured-Nation Treatment (Article 3)  Japan reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral agreement involving:  (a) aviation;  (b) fisheries; or  (c) maritime matters, including salvage. |
| 4 | Sector:  Sub-Sector:  Industry Classification:  Obligations Concerned:  Description:  Existing Measures: | All    National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  National Treatment and Most-Favoured-Nation Treatment may not be accorded to investors of the Republic of Armenia and their investments with respect to subsidies. |
| 5 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing Measures: | Aerospace Industry  Aircraft Industry  Space Industry  National Treatment (Article 2)  Prohibition of Performance Requirements (Article 6)  Japan reserves the right to adopt or maintain any measure relating to the investment in aircraft industry and space industry.  Foreign Exchange and Foreign  Trade Law (Law No. 228 of 1949), Articles 27 and 30  Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261  of 1980), Articles 3 and 5 |

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| 6 | Sector:  Sub-Sector:  Industry Classification:  Obligations Concerned:    Description:  Existing Measures: | Arms and Explosives Industry  Arms Industry  Explosives Manufacturing Industry  National Treatment (Article 2)  Prohibition of Performance Requirements (Article 6)  Japan reserves the right to adopt or maintain any measure relating to the investment in the arms industry and explosives manufacturing industry.  Foreign Exchange and Foreign  Trade Law (Law No. 228 of 1949), Articles 27 and 30  Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261  of 1980), Articles 3 and 5 |

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| 7 | Sector:  Sub-Sector:  Industry Classification:  Obligations Concerned:  Description:  Existing Measures: | Energy  Electricity Utility Industry  Gas Utility Industry  Nuclear Energy Industry  National Treatment (Article 2)  Prohibition of Performance Requirements (Article 6)  Japan reserves the right to adopt or maintain any measure relating to investment in the energy industry listed in the “Sub-Sector” element.  Foreign Exchange and Foreign  Trade Law (Law No. 228 of 1949), Articles 27 and 30  Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261  of 1980), Articles 3 and 5 |
| 8 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing Measures: | Fisheries  Fisheries within the Territorial Sea, Internal Waters, Exclusive Economic Zone and Continental Shelf  JSIC 031 Marine fisheries  JSIC 032 Inland water fisheries  JSIC 041 Marine aquaculture  JSIC 042 Inland water aquaculture  JSIC 8093 Recreational fishing guide business  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  Japan reserves the right to adopt or maintain any measure relating to investment in fisheries in the territorial sea, internal waters, exclusive economic zone and continental shelf of Japan.  For the purposes of this entry, the term “fisheries” means the work of taking and cultivation of aquatic resources, including the following fisheries related activities:  (a) investigation of aquatic resources without taking such resources;  (b) luring of aquatic resources;  (c) preservation and processing of fish catches;  (d) transportation of fish catches and fish products; and  (e) provision of supplies to other vessels used for fisheries.  Foreign Exchange and Foreign  Trade Law (Law No. 228 of 1949), Article 27  Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261  of 1980), Article 3  Law for Regulation of Fishing Operation by Foreign Nationals (Law No. 60 of 1967), Articles 3, 4 and 6  Law concerning the Exercise of Sovereign Rights concerning Fisheries in the Exclusive Economic Zones (Law No. 76 of 1996), Articles 4, 5, 7, 8, 9, 10, 11, 12 and 14 |

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| 9 | Sector:  Sub-Sector:  Industry  Classification:  Obligations  Concerned:  Description:  Existing Measures: | Information and Communications  Broadcasting Industry  JSIC 380 Establishments engaged in administrative or ancillary economic activities  JSIC 381 Public broadcasting, except cablecasting  JSIC 382 Private-sector broadcasting, except cablecasting  JSIC 383 Cablecasting  National Treatment (Article 2)  Prohibition of Performance Requirements (Article 6)  Japan reserves the right to adopt or maintain any measure relating to investment in broadcasting industry.  Foreign Exchange and Foreign  Trade Law (Law No. 228 of 1949), Article 27  Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261  of 1980), Article 3  Radio Law (Law No. 131 of 1950), Chapter 2  Broadcast Law (Law No. 132 of 1950), Chapters 5 and 8 |
| 10 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing Measures: | Land Transaction  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  With respect to the acquisition or lease of land properties in Japan, prohibitions or restrictions may be imposed by Cabinet Order on foreign nationals or legal persons, where Japanese nationals or legal persons are placed under identical or similar prohibitions or restrictions in the foreign country.  Alien Land Law (Law No. 42 of 1925), Article 1 |
| 11 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing  Measures: | Public Law Enforcement and Correctional Services and Social Services  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  Japan reserves the right to adopt or maintain any measure relating to investment in public law enforcement and correctional services, and in social services such as income security or insurance, social security or insurance, social welfare, primary and secondary education, public training, health and child care. |
| 12 | Sector:  Sub-Sector:  IndustryClassification:  Obligations Concerned:  Description:  Existing  Measures: | Transport  Air Transport  National Treatment (Article 2)  Prohibition of Performance Requirements (Article 6)  Japan reserves the right to adopt or maintain any measure with respect to investment in airports or airport operation services.  For the purposes of this entry, the term “airport operation services” means the supply of air terminal, airfield and other airport infrastructure operation services on a fee or contract basis. Airport operation services do not include air navigation services. | |

Schedule of the Republic of Armenia

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| 1 | Sector:  Sub-Sector:  IndustryClassification:  Obligations Concerned:  Description:  Existing  Measures: | Transportation and Storage Facilities  Air Transport Activities  Classification of Economic Activity  HD-011-2013  51- Air Transport Activities  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  The Republic of Armenia reserves the right to adopt or maintain any measure with respect to investment in airports or airport operation services in accordance with its laws and regulations, provided that such measure shall conform with Article 3, except for measure that accords differential treatment to investors of the countries which are parties to the Treaty on the Eurasian Economic Union.  For the purposes of this entry, the term “airport operation services” means the supply of air terminal, airfield and other airport infrastructure operation services on a fee or contract basis. Airport operation services do not include air navigation services. |

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| 2 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing Measures: | Postal Services  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  The Republic of Armenia reserves the right to adopt or maintain any measure relating to investment in postal services in accordance with its laws and regulations, provided that such measure shall conform with Article 3, except for measure that accords differential treatment to investors of the countries which are parties to the Treaty on the Eurasian Economic Union. |

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| 3 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing Measures: | Fisheries  Fisheries in the Internal Waters  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  The Republic of Armenia reserves the right to adopt or maintain any measure relating to investment in fisheries in the internal waters of the Republic of Armenia in accordance with its laws and regulations, provided that such measure shall conform with Article 3, except for measure that accords differential treatment to investors of the countries which are parties to the Treaty on the Eurasian Economic Union.  For the purposes of this entry, the term “fisheries” means the work of taking and cultivation of aquatic resources, including the following fisheries related activities:  (a) investigation of aquatic resources without taking such resources;  (b) luring of aquatic resources;  (c) preservation and processing of fish catches;  (d) transportation of fish catches and fish products; and  (e) provision of supplies to other vessels used for fisheries. |
| 4 | Sector:  Sub-Sector:  Industry Classification:  Obligations Concerned:    Description:  Existing Measures: | Arms and Explosives Industry  Arms Industry  Explosives Manufacturing Industry  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  The Republic of Armenia reserves the right to adopt or maintain any measure relating to investment in the arms industry and explosives manufacturing industry in accordance with its laws and regulations, provided that such measure shall conform with Article 3, except for measure that accords differential treatment to investors of the countries which are parties to the Treaty on the Eurasian Economic Union. |

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| 5 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing  Measures: | Public Law Enforcement and Correctional Services and Social Services  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  The Republic of Armenia reserves the right to adopt or maintain any measure relating to investment in public law enforcement and correctional services, and in social services except for social welfare, primary and secondary education, public training, health and child care, in accordance with its laws and regulations, provided that such measure shall conform with Article 3, except for measure that accords differential treatment to investors of the countries which are parties to the Treaty on the Eurasian Economic Union. |

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| 6 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing  Measures: | Energy  Electricity Utility Industry  Gas Utility Industry  National Treatment (Article 2)  Most-Favoured-Nation Treatment (Article 3)  Prohibition of Performance Requirements (Article 6)  The Republic of Armenia reserves the right to adopt or maintain any measure relating to investment in energy industry listed in the “Sub-Sector” element, in accordance with its laws and regulations, provided that such measure shall conform with Article 3, except for measure that accords differential treatment to investors of the countries which are parties to the Treaty on the Eurasian Economic Union. |

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| 7 | Sector:  Sub-Sector:  Industry  Classification:  Obligations Concerned:  Description:  Existing Measures: | Financial and Insurance Activities  Most-Favoured-Nation Treatment (Article 3)  With regard to investment in financial services, the Republic of Armenia reserves the right to adopt or maintain any measure that accords differential treatment to countries in the economic unions to which the Republic of Armenia is also a party. For the purpose of this entry, the term “financial services” means insurance and insurance-related services as well as banking and other financial services. |