

Annex I

Explanatory Notes

1. The Schedule of a Party to this Annex sets out, pursuant to Articles 10.13 (Non-Conforming Measures) and 11.6 (Non-Conforming Measures), a Party's existing measures that are not subject to some or all of the obligations imposed by:
 - (a) Article 10.3 (National Treatment) or 11.2 (National Treatment);
 - (b) Article 10.4 (Most-Favored-Nation Treatment) or 11.3 (Most-Favored-Nation Treatment);
 - (c) Article 11.4 (Market Access);
 - (d) Article 11.5 (Local Presence);
 - (e) Article 10.9 (Performance Requirements); or
 - (f) Article 10.10 (Senior Management and Boards of Directors).
2. Each Schedule entry sets out the following elements:
 - (a) **Sector** refers to the sector for which the entry is made;
 - (b) **Obligations Concerned** specifies the article(s) referred to in paragraph 1 that, pursuant to Articles 10.13.1(a) (Non-Conforming Measures) and 11.6.1(a) (Non-Conforming Measures), do not apply to the non-conforming aspects of the law, regulation, or other measure, as set out in paragraph 3;
 - (c) **Level of Government** indicates the level of government maintaining the scheduled measure(s);
 - (d) **Measures** identifies the laws, regulations, or other measures for which the entry is made. A measure cited in the **Measures** element:
 - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement, and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
 - (e) **Description** sets out commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the measures for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant articles of the Chapters against which the entry is made. 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. In accordance with Articles 10.13.1(a) (Non-Conforming Measures) and 11.6.1(a) (Non-Conforming Measures), and subject to Articles 10.13.1(c) (Non-Conforming Measures) and 11.6.1(c) (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that entry.

5. Where a Party maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 11.2 (National Treatment), 11.3 (Most-Favored-Nation Treatment), or 11.5 (Local Presence) shall operate as a Schedule entry with respect to Article 10.3 (National Treatment), 10.4 (Most-Favored-Nation Treatment), or 10.9 (Performance Requirements) to the extent of that measure.

Annex I

Schedule of the United States

Sector: Atomic Energy

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: *Atomic Energy Act of 1954*, 42 U.S.C. §§ 2011 et seq.

Description: Investment

A license issued by the United States Nuclear Regulatory Commission is required for any person in the United States to transfer or receive in interstate commerce, manufacture, produce, transfer, use, import, or export any nuclear “utilization or production facilities” for commercial or industrial purposes. Such a license may not be issued to any entity known or believed to be owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government (42 U.S.C. § 2133(d)). A license issued by the United States Nuclear Regulatory Commission is also required for nuclear “utilization and production facilities,” for use in medical therapy, or for research and development activities. The issuance of such a license to any entity known or believed to be owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government is also prohibited (42 U.S.C. § 2134(d)).

Sector:	Business Services
Obligations Concerned:	National Treatment (Article 11.2) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	<i>Export Trading Company Act of 1982</i> , 15 U.S.C. §§ 4011-4021 15 C.F.R. Part 325
Description:	<u>Cross-Border Services</u> Title III of the <i>Export Trading Company Act of 1982</i> authorizes the Secretary of Commerce to issue “certificates of review” with respect to export conduct. The Act provides for the issuance of a certificate of review where the Secretary determines, and the Attorney General concurs, that the export conduct specified in an application will not have the anticompetitive effects proscribed by the Act. A certificate of review limits the liability under federal and state antitrust laws in engaging in the export conduct certified. Only a “person” as defined by the Act can apply for a certificate of review. “Person” means “an individual who is a resident of the United States; a partnership that is created under and exists pursuant to the laws of any State or of the United States; a State or local government entity; a corporation, whether organized as a profit or nonprofit corporation, that is created under and exists pursuant to the laws of any State or of the United States; or any association or combination, by contract or other arrangement, between such persons.” A foreign national or enterprise may receive the protection provided by a certificate of review by becoming a “member” of a qualified applicant. The regulations define “member” to mean “an entity (U.S. or foreign) that is seeking protection under the certificate with the applicant. A member may be a partner in a partnership or a joint venture; a shareholder of a corporation; or a participant in an association, cooperative, or other form of profit or nonprofit organization or relationship, by contract or other arrangement.”

Sector:	Business Services
Obligations Concerned:	National Treatment (Article 11.2) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	<i>Export Administration Act of 1979, as amended</i> , 50 U.S.C. App. §§ 2401-2420 <i>International Emergency Economic Powers Act</i> , 50 U.S.C. §§ 1701-1706 <i>Export Administration Regulations</i> , 15 C.F.R. Parts 730 - 774
Description:	<u>Cross-Border Services</u> With some limited exceptions, exports and reexports of commodities, software, and technology subject to the Export Administration Regulations require a license from the Bureau of Industry and Security, U.S. Department of Commerce (BIS). Certain activities of U.S. persons, wherever located, also require a license from BIS. An application for a license must be made by a person in the United States. In addition, release of controlled technology to a foreign national in the United States is deemed to be an export to the home country of the foreign national and requires the same written authorization from BIS as an export from the territory of the United States.

Sector:	Mining
Obligations Concerned:	National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)
Level of Government:	Central
Measures:	<i>Mineral Lands Leasing Act of 1920</i> , 30 U.S.C. Chapter 3A 10 U.S.C. § 7435
Description:	<u>Investment</u> Under the <i>Mineral Lands Leasing Act of 1920</i>, aliens and foreign corporations may not acquire rights-of-way for oil or gas pipelines, or pipelines carrying products refined from oil and gas, across on-shore federal lands or acquire leases or interests in certain minerals on on-shore federal lands, such as coal or oil. Non-U.S. citizens may own a 100 percent interest in a domestic corporation that acquires a right-of-way for oil or gas pipelines across on-shore federal lands, or that acquires a lease to develop mineral resources on on-shore federal lands, unless the foreign investor's home country denies similar or like privileges for the mineral or access in question to U.S. citizens or corporations, as compared with the privileges it accords to its own citizens or corporations or to the citizens or corporations of other countries (30 U.S.C. §§ 181, 185(a)). Nationalization is not considered to be denial of similar or like privileges. Foreign citizens, or corporations controlled by them, are restricted from obtaining access to federal leases on Naval Petroleum Reserves if the laws, customs, or regulations of their country deny the privilege of leasing public lands to citizens or corporations of the United States (10 U.S.C. § 7435).

Sector: All Sectors

Obligations Concerned: National Treatment (Article 10.3)
Most-Favored-Nation Treatment (Article 10.4)

Level of Government: Central

Measures: 22 U.S.C. §§ 2194 and 2198(c)

Description: Investment

The Overseas Private Investment Corporation insurance and loan guarantees are not available to certain aliens, foreign enterprises, or foreign-controlled domestic enterprises.

Sector:	Air Transportation
Obligations Concerned:	National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4) Senior Management and Boards of Directors (Article 10.10)
Level of Government:	Central
Measures:	49 U.S.C. Subtitle VII, <i>Aviation Programs</i> 14 C.F.R. Part 297 (foreign freight forwarders); 14 C.F.R. Part 380, Subpart E (registration of foreign (passenger) charter operators)
Description:	<u>Investment</u> Only air carriers that are “citizens of the United States” may operate aircraft in domestic air service (cabotage) and may provide international scheduled and non-scheduled air service as U.S. air carriers. U.S. citizens also have blanket authority to engage in indirect air transportation activities (air freight forwarding and passenger charter activities other than as actual operators of the aircraft). In order to conduct such activities, non-U.S. citizens must obtain authority from the Department of Transportation. Applications for such authority may be rejected for reasons relating to the failure of effective reciprocity, or if the Department of Transportation finds that it is in the public interest to do so. Under 49 U.S.C. § 40102(a)(15), a citizen of the United States means an individual who is a U.S. citizen; a partnership in which each member is a U.S. citizen; or a U.S. corporation of which the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, which is under the actual control of U.S. citizens, and in which at least 75 percent of the voting interest in the corporation is owned or controlled by U.S. citizens.

Sector:	Air Transportation
Obligations Concerned:	National Treatment (Articles 10.3 and 11.2) Most-Favored-Nation Treatment (Articles 10.4 and 11.3) Senior Management and Boards of Directors (Article 10.10)
Level of Government:	Central
Measures:	49 U.S.C., Subtitle VII, <i>Aviation Programs</i> 49 U.S.C. § 41703 14 C.F.R. Part 375
Description:	<u>Cross-Border Services</u> 1. Authorization from the Department of Transportation is required for the provision of specialty air services in the territory of the United States.* <u>Investment</u> 2. “Foreign civil aircraft” require authority from the Department of Transportation to conduct specialty air services in the territory of the United States. In determining whether to grant a particular application, the Department will consider, among other factors, the extent to which the country of the applicant’s nationality accords U.S. civil aircraft operators effective reciprocity. “Foreign civil aircraft” are aircraft of foreign registry or aircraft of U.S. registry that are owned, controlled, or operated by persons who are not citizens or permanent residents of the United States (14 C.F.R. § 375.1). Under 49 U.S.C. § 40102(a)(15), a citizen of the United States means an individual who is a U.S. citizen; a partnership in which each member is a U.S. citizen; or a U.S. corporation of which the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, which is under the actual control of U.S. citizens, and in which at least 75 percent of the voting interest in the corporation is owned or controlled by U.S. citizens.

*A person of Panama will be able to obtain such an authorization given Panama's acceptance of the U.S. definition of specialty air services in Chapter Eleven (Cross-Border Trade in Services).

Sector: Transportation Services - Customs Brokers

Obligations Concerned: National Treatment (Articles 10.3 and 11.2)
Local Presence (Article 11.5)

Level of Government: Central

Measures: 19 U.S.C. § 1641(b)

Description: Cross-Border Services and Investment

A customs broker's license is required to conduct customs business on behalf of another person. Only U.S. citizens may obtain such a license. A corporation, association, or partnership established under the law of any state may receive a customs broker's license if at least one officer of the corporation or association, or one member of the partnership, holds a valid customs broker's license.

Sector:	All Sectors
Obligations Concerned:	National Treatment (Article 10.3) Most-Favored-Nation Treatment (Article 10.4)
Level of Government:	Central
Measures:	<i>Securities Act of 1933</i>, 15 U.S.C. §§ 77C(b), 77f, 77g, 77h, 77j, and 77s(a) 17 C.F.R. §§ 230.251 and 230.405 <i>Securities Exchange Act of 1934</i>, 15 U.S.C. §§ 78l, 78m, 78o(d), and 78w(a) 17 C.F.R. § 240.12b-2
Description:	<u>Investment</u> Foreign firms, except for certain Canadian issuers, may not use the small business registration forms under the <i>Securities Act of 1933</i> to register public offerings of securities or the small business registration forms under the <i>Securities Exchange Act of 1934</i> to register a class of securities or file annual reports.

Sector:	Communications - Radiocommunications
Obligations Concerned:	National Treatment (Article 10.3)
Level of Government:	Central
Measures:	47 U.S.C. § 310 Foreign Participation Order 12 FCC Rcd 23891 (1997)
Description:	<u>Investment</u> The United States reserves the right to restrict ownership of radio licenses in accordance with the above statutory and regulatory provisions. Radiocommunications consists of all communications by radio, including broadcasting.

Sector:	Professional Services - Patent Attorneys, Patent Agents, and Other Practice before the Patent and Trademark Office
Obligations Concerned:	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	35 U.S.C. Chapter 3 (practice before the U.S. Patent and Trademark Office) 37 C.F.R. Part 10 and 11 (representation of others before the U.S. Patent and Trademark Office)
Description:	<u>Cross-Border Services</u> As a condition to be registered to practice for others before the U.S. Patent and Trademark Office (USPTO): (a) a patent attorney must be a U.S. citizen or an alien lawfully residing in the United States (37 C.F.R. § 10.6(a)); (b) a patent agent must be a U.S. citizen, an alien lawfully residing in the United States, or a non-resident who is registered to practice in a country that permits patent agents registered to practice before the USPTO to practice in that country; the latter is permitted to practice for the limited purpose of presenting and prosecuting patent applications of applicants located in the country in which he or she resides (37 C.F.R. §11.6(c)); and (c) a practitioner in trademark and non-patent cases must be an attorney licensed in the United States, a “grandfathered” agent, an attorney licensed to practice in a country that accords equivalent treatment to attorneys licensed in the United States, or an agent registered to practice in such a country; the latter two are permitted to practice for the limited purpose of representing parties located in the country in which he or she resides (37 C.F.R. § 10.14(a)-(c)).

Sector:	All Sectors
Obligations Concerned:	National Treatment (Articles 10.3 and 11.2) Most-Favored-Nation Treatment (Articles 10.4 and 11.3) Local Presence (Article 11.5) Performance Requirements (Article 10.9) Senior Management and Boards of Directors (Article 10.10)
Level of Government:	Regional
Measures:	All existing non-conforming measures of all states of the United States, the District of Columbia, and Puerto Rico
Description:	<u>Cross-Border Services and Investment</u>

Annex I

Schedule of Panama

Sector:	Retail Sales
Obligations Concerned:	National Treatment (Article 10.3) Senior Management and Boards of Directors (Article 10.10)
Level of Government:	Central
Measures:	Article 293 of the 1972 Constitution Article 16 of Executive Decree 35 of May 24, 1996
Description:	<u>Investment</u> 1. Only the following persons may own a retail business in Panama: (a) a Panamanian national by birth; (b) a natural person who, on the date of entry into force of the 1972 Constitution was a naturalized Panamanian national, the spouse of a Panamanian national, or a natural person who had a child with a Panamanian national; (c) a natural person who has been a naturalized Panamanian national for at least three years; (d) a foreign national or a juridical person organized under the law of a foreign country that owned a lawful retail business in Panama on the date of entry into force of the 1972 Constitution; and (e) a juridical person, whether organized under the laws of Panama or any other country, if ownership of that person is held by natural persons described in subparagraph (a), (b), (c), or (d), as set out in paragraph 5 of Article 293 of the Constitution. 2. Notwithstanding paragraph 1(e), a foreign national may own a juridical person engaged in retail commerce if:

- (a) the products sold by the juridical person in retail commerce are exclusively products that are produced at its direction and bear its label; or
 - (b) the juridical person is engaged primarily in the sale of a service, and the products that it sells are necessarily associated with the sale of that service.
- 3. Senior managers and directors of a retail business must meet the same nationality requirements as owners of a retail business.

Sector:	Real Property
Obligations Concerned:	National Treatment (Article 10.3)
Level of Government:	Central
Measures:	Articles 290 and 291 of the 1972 Constitution
Description:	<u>Investment</u> No foreign government, foreign official, or foreign state enterprise, may own real property in Panama, except property used for an embassy. No foreign national or enterprise or enterprise organized under the laws of Panama owned entirely or partially by foreign nationals may own real property within ten kilometers of Panama's borders.

Sector:	Public Utilities
Obligations Concerned:	National Treatment (Article 10.3)
Level of Government:	Central
Measures:	Article 285 of the 1972 Constitution
Description:	<u>Investment</u> Panama may require that up to 100 percent of the capital of a private enterprise operating a public utility be owned by Panamanian persons. However, Panama may provide exceptions to the preceding sentence by law.

Sector:	Supply of Potable Water
Obligations Concerned:	National Treatment (Article 10.3) Senior Management and Board of Directors (Article 10.10)
Level of Government:	Central
Measures:	Article 285 of the 1972 Constitution
Description:	<u>Investment</u> If Panama allows private equity investment in an enterprise supplying potable water to the public, it may require that up to 100 percent of the capital of such an enterprise be owned by Panamanian persons. Panama may require that the senior managers and members of the board of directors of such an enterprise be Panamanian nationals. However, Panama may provide exceptions to the preceding paragraph by law. For greater certainty, this entry does not apply to the supply of bottled water.

Sector:	All Sectors
Obligations Concerned:	National Treatment (Article 11.2)
Level of Government:	Central
Measures:	Article 322 of the 1972 Constitution Article 86 of Law No. 19 of June 11, 1997
Description:	<u>Cross-Border Services</u> Preference shall be given to Panamanian nationals over foreign nationals for contractual positions within the Panama Canal Authority. In the event that all applicants for a position are foreign nationals, preference shall be given to those foreign nationals with Panamanian spouses or those foreign nationals who have lived in Panama for ten consecutive years.

Sector: Travel Agencies

Obligations Concerned: National Treatment (Articles 10.3 and 11.2)

Level of Government: Central

Measures: Article 2 of Law No. 73 of December 22, 1976

Description: Cross-Border Services and Investment

Travel agencies are those enterprises that serve as intermediaries between travelers and the suppliers of the services they consume. To engage in these activities in the territory of Panama, a supplier must meet the criteria set out in the entry on Retail Sales. Natural persons engaged in these activities in the territory of Panama must be Panamanian nationals.

Sector:	Transmission of Radio and Television Programs
Obligations Concerned:	National Treatment (Articles 10.3 and 11.2) Most-Favored-Nation Treatment (Article 11.3) Senior Management and Boards of Directors (Article 10.10)
Level of Government:	Central
Measures:	Article 285 of the 1972 Constitution Articles 14 and 25 of Law No. 24 of June 30, 1999 Articles 152 and 161 of Executive Decree No. 189 of August 13, 1999
Description:	<u>Cross-Border Services and Investment</u> A concession to operate a public radio or public television station in Panama may be granted to a natural person or an enterprise. In the case of a natural person, the concessionaire must be a Panamanian national. In the case of an enterprise, at least 65 percent of the shares of the concessionaire must be owned by Panamanian nationals. Each of the senior managers and directors of an enterprise operating a public radio or public television station must be a Panamanian national. Under no circumstances may a foreign government or a foreign state enterprise supply, by itself or through a third party, public radio or public television services or hold a controlling interest, directly or indirectly, in an enterprise that supplies such services. Concessionaires of public radio or public television services may not broadcast any type of advertisement originating within Panama containing announcements made by announcers who do not have a license issued by the <i>Autoridad Nacional de los Servicios Públicos</i>. Such licenses may only be obtained by Panamanian nationals and nationals of other countries that have granted reciprocal rights to Panamanian nationals.

Sector:	Telecommunication Services
Obligations Concerned:	National Treatment (Article 10.3)
Level of Government:	Central
Measures:	Article 21 of Law No. 31 of February 8, 1996
Description:	<u>Investment</u> No enterprise that is directly or indirectly owned or controlled by a foreign government or in which a foreign government is a partner may supply telecommunications services in the territory of Panama.

Sector:	Education
Obligations Concerned:	National Treatment (Article 11.2)
Level of Government:	Central
Measures:	Article 100 of the 1972 Constitution
Description:	<u>Cross-Border Services</u> Only Panamanian nationals may teach Panamanian history and civic education in the territory of Panama.

Sector:	Electric Power
Obligations Concerned:	Market Access (Article 11.4)
Level of Government:	Central
Measures:	Articles 32, 45, and 46 of Law No. 6 of February 3, 1997
Description:	<u>Cross-Border Services</u> Electric power transmission services in the territory of Panama may be supplied only by the Government of Panama. Electric power distribution services in the territory of Panama shall be supplied by three enterprises for a period of fifteen years, under concessions granted by the <i>Autoridad Nacional de los Servicios Públicos</i>. This period started on October 22, 1998.

Sector:	Crude Petroleum, Hydrocarbons, and Natural Gas
Obligations Concerned:	Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Articles 21, 25, 26, and 71 of Law No. 8 of June 16, 1987
Description:	<u>Cross-Border Services</u> When a foreign enterprise is awarded a concession to explore for, exploit, refine, transport, store, market, or export petroleum, hydrocarbons, or natural gas, it must establish an enterprise in Panama.

Sector:	Operation of Mines
Sub-sector:	Extraction of Non-metallic, Metallic (except Precious Minerals) Minerals, Precious Alluvial Minerals, Precious Non-Alluvial Minerals, Fuel Minerals (except Hydrocarbons) and Reserve Minerals and Related Services
Obligations Concerned:	National Treatment (Article 10.3)
Level of Government:	Central
Measures:	Articles 4, 5, 130, 131, 132, and 135 of Decree Law No. 23 of August 22, 1963 Article 11 of Law No. 3 of January 28, 1988
Description:	<u>Investment</u> No foreign government or foreign state enterprise may obtain a mining concession.

Sector:	Exploration and Exploitation of Non-Metallic Minerals Used As Construction, Ceramic, Refractory, and Metallurgical Materials
Obligations Concerned:	National Treatment (Article 10.3)
Level of Government:	Central
Measures:	Article 3 of Law No. 109 of October 8, 1973 Article 7 of Law No. 32 of February 9, 1996
Description:	<u>Investment</u> Only a Panamanian national or an enterprise organized under Panamanian law may obtain a contract for the exploration and exploitation of limestone, sand, quarry stone, tufa, clay, gravel, debris, feldspar, plaster, and other non-metallic minerals. Except as authorized by the Panamanian government, no foreign state enterprise may obtain such a contract.

Sector:	Fishing
Obligations Concerned:	National Treatment (Article 10.3) Performance Requirements (Article 10.9)
Level of Government:	Central
Measures:	Article 286 of Law No. 8 (the Fiscal Code of the Republic of Panama), of January 27, 1956 Law No. 20 of August 11, 1994 Articles 5 and 6 of Decree Law No. 17 of July 9, 1959 Article 1 of Decree No. 116 of November 26, 1980 Article 3 of Executive Decree No. 124 of November 8, 1990 Articles 4 and 7 of the Executive Decree No. 38 of June 15, 1992 Article 1 of Decree No. 71 of October 20, 1992 Administrative Resolution 003 of January 7, 2004
Description:	<u>Investment</u> Only a Panamanian national or enterprise owned or controlled by Panamanian nationals may sell for consumption in Panama fish caught in the jurisdictional waters of Panama. Only a Panamanian-built vessel may perform commercial or industrial shrimp fishing in the jurisdictional waters of Panama. Only a vessel owned by a Panamanian national or an enterprise organized under Panamanian law may fish for tuna in the jurisdictional waters of Panama in vessels with a capacity of less than 150 tons. Only a vessel owned by a Panamanian national or an enterprise organized under Panamanian law may obtain a license for coastal (manual) fishing. Only a Panamanian-flagged vessel that is at least 75 percent owned by a Panamanian national or an enterprise organized under Panamanian law and that is engaged in international tuna trade

within the jurisdictional waters of Panama may obtain a tuna fishing license for a preferential fee.

Under Panamanian law, jurisdictional water consists of the contiguous zone, territorial sea, continental shelf, *aguas archipelagas* (insular waters), and interior waters.

Sector:	Activities Related To Fishing
Obligations Concerned:	Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Articles 1 and 4 of the Executive Decree No. 12 of April 17, 1991 Articles 4 and 7 of the Executive Decree No. 38 of June 15, 1992
Description:	<u>Cross-Border Services</u> An industrial enterprise in the business of storing or selling shrimp or other marine species must locate its facilities in the Vacamonte Fishing Port, in the District of Arraijan, unless the facilities are located where farming operations occur. International tuna fishing vessels must use the services of legal shipping agencies domiciled in Panama in order to obtain a license to fish for tuna in Panamanian jurisdictional waters.

Sector:	Private Security Agencies
Obligations Concerned:	National Treatment (Articles 10.3 and 11.2) Senior Management and Boards of Directors (Article 10.10)
Level of Government:	Central
Measures:	Articles 4 and 10 of Executive Decree No. 21 of January 31, 1992 Article 1 of Executive Decree No. 22 of January 31, 1992
Description:	<u>Cross-Border Services and Investment</u> The owners of a security company must be Panamanian nationals. In addition, in order to be a member part of the board of directors, a person must meet the criteria for ownership of a retail business, as set out in the entry for retail sales. Only a Panamanian national may hold the position of head of security or security guard in the territory of Panama. Foreign nationals engaged by a security company in the territory of Panama must obtain prior authorization from the Panamanian government.

Sector:	Transport Services - Passenger and Freight Road Transport Services
Obligations Concerned:	National Treatment (Articles 10.3 and 11.2)
Level of Government:	Central
Measures:	Article 2 of Law 19 of February 19, 1956 Articles 30 and 34 of Law 34 of July 28, 1999
Description:	<u>Cross-Border Services and Investment</u> Concessions for public passenger transport services, lines, routes, terminals, or work zones¹ may be awarded only to Panamanian nationals and enterprises owned by Panamanian nationals. Operation certificates for these activities shall be granted only to Panamanian nationals. A passenger or freight vehicle driver must be a Panamanian national, a spouse of a Panamanian national, or a parent of a child born in Panama.

¹ For purposes of this entry, “work zone” means an area or sector of a territory defined for the purpose of regulating public passenger transport services and corresponding rates.

Sector:	Maritime Transport - Pilotage
Obligations Concerned:	National Treatment (Article 11.2)
Level of Government:	Central
Measures:	Article 6 of the Accord No. 006-95 of May 31, 1995 Article 44 of Ruling No. 020-2003 of August 14, 2003
Description:	<u>Cross-Border Services</u> Only Panamanian nationals may be apprentice pilots, which is a prerequisite for being licensed as a canal or port pilot. However, foreign nationals who received a canal pilot license prior to 1999 may continue to supply services.

Sector:	Maritime Transport
Obligations Concerned:	National Treatment (Article 11.2) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Articles 4 and 18 of Decree Law No. 8 of February 26, 1998
Description:	<u>Cross-Border Services</u> Owners of Panamanian-registered vessels dedicated to international service must give preference to Panamanian nationals, spouses of Panamanian nationals, and parents of Panamanian children residing in Panama in engaging contractual service suppliers. A manning company operating in Panama shall designate a Panamanian national residing in Panama and registered with the Mercantile Registry to act as a representative of the company in all judicial, extra-judicial, and administrative affairs.

Sector: Air Transport

Obligations Concerned: National Treatment (Article 10.3)

Level of Government: Central

Measures: Article 79 of Law No. 21 of January 29, 2003

Description: Investment

Only Panamanian nationals and enterprises majority-owned by Panamanian nationals may operate international air transportation services under the Panamanian flag. At least 60 percent of the subscribed and paid-in capital of an enterprise organized under Panamanian law and engaged in domestic air transportation must be owned by Panamanian persons.

Sector: Specialty Air and Aircraft Repair and Maintenance Services

Obligations Concerned: National Treatment (Article 11.2)

Level of Government: Central

Measures: Article 45 of Law No. 21 of January 29, 2003

Description: Cross-Border Services

In the supply of specialty air services by Panamanian-registered aircraft or the repair and maintenance of such aircraft, only Panamanian nationals may hold the following positions:

- (a) crew members and other aeronautical technical personnel;
- (b) pilots; and
- (c) persons in charge of inspection, maintenance, and repair of aircraft, motors, or other equipment.

Panama reserves the right to limit the proportion of foreign nationals to be employed as technical ground personnel.

Sector: Publishing

Obligations Concerned: National Treatment (Article 10.3)
Senior Management and Boards of Directors (Article 10.10)

Level of Government: Central

Measures: Article 9 of Law No. 67 of September 19, 1978

Description: Investment

With respect to an enterprise established in Panama that produces a print publication, such as a newspaper or magazine, that is part of the Panamanian communications massmedia:

- (a) 100 percent of the ownership of the enterprise must be held, directly or indirectly, by Panamanian nationals; and
- (b) the managers of the enterprise, including its publishers, editors-in-chief, deputy directors, and assistant managers, must be Panamanian nationals.

Sector:	Professional Services - Lawyers
Obligations Concerned:	National Treatment (Articles 10.3 and 11.2) Senior Management and Boards of Directors (Article 10.10)
Level of Government:	Central
Measures:	Article 3 and 16 of Law No. 9 of April 18, 1984
Description:	<u>Cross-Border Services and Investment</u> Only a Panamanian national who holds a certificate of qualification issued by the Supreme Court may practice law in Panama. The practice of law in Panama includes judicial representation before civil, penal, labor, child welfare, electoral, administrative, or maritime tribunal; the rendering of verbal or written legal advice; drafting of legal documents and contracts; and any other activity that requires a license to practice law in Panama. Law partnerships may be established only by lawyers competent to practice law in Panama. However, to the extent permitted by the express terms of international agreements, a lawyer who is a foreign national may provide advice with regard to international law and the law of the jurisdiction in which that lawyer is licensed to practice. This provision of advice shall not include representation before tribunals, courts, or judicial, administrative, or maritime authorities in the territory of Panama. Panama agrees that nationals of the United States who are licensed to practice law in the United States may engage in cross-border supply of services described in the preceding paragraph, subject to the restriction set out in that paragraph, and may establish such services, subject to such restriction.

Sector: Professional Services - Accountants

Obligations Concerned: National Treatment (Article 11.2)
Market Access (Article 11.4)

Level of Government: Central

Measures: Articles 4, 7, 9, and 10 of Law 57 of September of 1978

Description: Cross-Border Services

Except as provided below, only Panamanian nationals who have obtained their Authorized Public Accountant license and juridical persons who meet the requirements of the above-referenced law may practice the profession of Authorized Public Accountant.

A U.S. national licensed to practice accounting in a jurisdiction of the United States shall be allowed to apply for a license to practice accounting in Panama to the extent that the U.S. jurisdiction would allow a Panamanian national to apply for such a license. In such cases, the U.S. national shall be subject to the same requirements to receive a license as Panama would apply to an equivalently qualified Panamanian national.

In addition, the Accounting Technical Board may grant a special permit for a foreign accountant to practice accounting:

- (a) if the foreign accountant is licensed in a jurisdiction that allows a Panamanian accountant to practice subject to conditions no more burdensome than those required under Panamanian law;
- (b) as an internal auditor employed by an enterprise, a foreign banking entity with subsidiaries or branches in Panama, or a public international law organization;
- (c) if the foreign accountant has proven that, at that moment, there are no Panamanian accountants available for the particular type of service that the foreign accountant seeks to supply; or
- (d) if the foreign accountant is married to a Panamanian or has been a resident of Panama for at least ten years.

However this special permit does not authorize a foreign national to provide official certifications or attestations.

Foreign enterprises may practice the profession only in association with a Panamanian accountancy enterprise.

Sector:	Professional Services - Architects and Engineers
Obligations Concerned:	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Articles 1, 2, 3, 4, and 24 of Law 15 of January 26, 1959 Article 4 of Law 53 of February 4, 1963 Articles 1 and 3 of Decree 257 of September 3, 1965
Description:	<u>Cross-Border Services</u> Only holders of a certificate of qualification issued by the <i>Junta Técnica de Ingenieros y Arquitectos</i> may practice as engineers or architects. The <i>Junta Técnica</i> may grant such a certificate to: (a) a Panamanian national; (b) a foreign national who is married to a Panamanian national or who is the parent of a children who is a Panamanian national; or (c) a foreign national who is licensed to practice in a jurisdiction that allows Panamanian nationals to practice as engineers or architects under the same conditions. The <i>Junta Técnica</i> may also authorize a state or private enterprise to contract with an architect or engineer who is a foreign national for up to 12 months if there is no Panamanian qualified to supply the service in question. In that case, the enterprise must employ a qualified Panamanian national during the period of the contract who will replace the foreign national when the contract ends. Only enterprises registered with the <i>Junta Técnica</i> may supply engineering or architectural services in Panama. To register: (a) the enterprise must have a corporate domicile in Panama, unless an international agreement provides otherwise; and (b) the persons employed by the enterprise who are responsible for supplying the services must be qualified to perform those services in Panama.

Sector:	Professional Services
Obligations Concerned:	National Treatment (Article 11.2) Most-Favored-Nation Treatment (Article 11.3) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Article 3 of Law No. 7 of April 14, 1981 Articles 32, 33, and 34 of Decision No. 168 of July 25, 1988 Articles 9 - 11 of Law No. 67 of September 19, 1978 Article 3 of Law No. 37 of October 22, 1980 Article 2 of Law No. 56 of September 16, 1975 Article 29-A of Executive Order No. 14 of August 27, 1954 Articles 2 and 3 of Law No. 1 of January 3, 1996 Article 3 of Law No. 17 of July 23, 1981 Article 3 of Law No. 20 of October 9, 1984 <i>Código Administrativo</i> , Article 2,141 Article 1, Chapter 2 of Decision No. 036-JD of December 22, 1986 <i>Código Fiscal</i> , Article 642(a) Articles 3 and 4 of Executive Order No. 6 of July 8, 1999 Article 198 of Law No. 23 of July 15, 1997 Articles 2, 3, and 4 of Law No. 22 of January 30, 1961 Articles 4 and 16 of Cabinet Decree No. 362 of November 26, 1969 Article 5 of Law No. 34 of October 9, 1980 Articles 1 and 8 of Law No. 3 of January 11, 1983 Article 1 of Cabinet Decree No. 196 of June 24, 1970 Decision No. 1 of January 26, 1987 Articles 3 and 4 of Decree No. 32 of February 17, 1975 Article 1 of Law No. 22 of February 9, 1956 Article 10 of Cabinet Decree No. 16 of January 22, 1969 Article 3 of Decision No. 1 of March 14, 1983 Article 2 of Law No. 21 of August 12, 1994 <i>Código Sanitario</i> , Articles 37, 108, 197, and 198 Article 9 of Law No. 1 of January 6, 1954 Article 3 of Law No. 74 of September 19, 1978 Article 4 of Law No. 48 of November 22, 1984 Articles 7, 13, and 15 of Law No. 47 of November 22, 1984 Article 2 of Decree Law No. 8 of April 20, 1967 Article 6 of Law No. 42 of October 29, 1980 Article 6 of Law No. 13 of August 23, 1984 Decision No. 1 of April 15, 1985 Decision No. 2 of June 1, 1987 Decision No. 1 of February 8, 1988 Article 2 of Decision No. 10 of March 24, 1992

Article 3 of Decision No. 19 of November 12, 1991
Article 2 of Decision No. 7 of December 15, 1992
Article 2 of Decision No. 50 of September 14, 1993
Article 2 of Decision No. 1 of January 21, 1994
Article 2 of Decision No. 2 of January 25, 1994
Article 2 of Decision No. 4 of June 10, 1996
Article 3 of Decision No. 5 of June 10, 1996
Article 3 of Decision No. 1 of May 25, 1998
Article 3 of Decision No. 2 of May 25, 1998
Article 35 of Law No. 24 of January 29, 1963
Articles 11 and 20 of Law No. 45 of August 7, 2001
Article 5 of Law No. 4 of January 23, 1956
Articles 4 and 5 of Law No. 15 of January 22 of 2003
Article 5 of Resolution No. 3 of August 26, 2004

Description:

Cross-Border Services

Only a Panamanian may practice as a healthcare professional; agricultural science professional; barber; chemist; cosmetologist; customs agent; economist; journalist; library scientist; public relations specialist; real state agent; social worker; sociologist; public translator; speech and language therapist; and veterinary doctor.

However a foreign national may practice in the following professions if the relevant professional council finds that no qualified Panamanian is available: agricultural science professional; chemist; dietitian; medical doctor; medical radiology technician; nurse; nutritionist; odontologist; and veterinary doctor.

Foreign journalists engaged as correspondents for wire services or other foreign media will be accredited by the *Junta Técnica de Periodismo* and allowed to practice on that basis for the duration of their contractual service. Any foreign journalist engaged in a temporary professional mission in Panama will, upon registration with the *Junta Técnica*, be issued a temporary permit to practice journalism in Panama.

Notwithstanding existing measures relating to requirements for the practice of professions referred to in this entry, the respective professional associations, institutions, or any other entity with authority to grant a license for the practice of the professions listed in the measures element of this entry (hereinafter referred to as the “Authority”) will recognize the license granted by a jurisdiction in the United States, and allow the holder of that license to register

with the Authority and to practice the profession in Panama, on a temporary basis, based on the license issued in a jurisdiction in the United States, in the following cases:

- (a) no educational institution in Panama offers a course of study that would allow the practice of the profession in Panama;
- (b) the holder of the license is a recognized expert in the profession; or
- (c) allowing the professional to practice in Panama will, through training, demonstration, or other such opportunity, further the development of the profession in Panama.

Sector:	Telecommunication Services
Obligations Concerned:	Market Access (Article 11.4)
Level of Government:	Central
Measures:	Law No. 17 of July 9, 1991 Law No. 5 of February 9, 1995 Law No. 31 of February 8, 1996 Executive Decree No. 73 of April 9, 1997 Executive Decree No. 21 of 1996 Regulation JD-025 of December 12, 1996 Regulation JD-080 of April 10, 1997 Concession Contract No. 30-A of February 5, 1996, between the State and BSC (BellSouth Panama, S.A.) Concession Contract No. 309 of October 24, 1997 between the State and Cable & Wireless Panama, S.A.
Description:	<u>Cross-Border Services</u> Cellular mobile telephone services shall be provided exclusively on Bands A and B by BellSouth Panama S.A. and Cable & Wireless Panama, S.A., for a period of 20 years starting from the date when the relative contracts of concession enter into force. From October 25, 2008, it shall be possible to authorize at least one and up to two concessions for personal communications services.

Sector:	Telecommunication services
Obligations Concerned:	Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Law No. 31 of February 8, 1996 Executive Decree No.73 of April 9, 1997
Description:	<u>Cross-Border Services</u> Telecommunication services supplied from within the territory of Panama directly to users in Panama may only be supplied by persons domiciled in Panama.

Sector: Hotel and Restaurant Services

Obligations Concerned: Market Access (Article 11.4)

Level of Government: Central

Measures: Law No. 55 of July 10, 1973

Description: Cross-Border Services

No license for the operation of a bar will be granted in any district in Panama when the number of existing bars in such district exceeds the proportion of one per one thousand inhabitants, according to the latest official population census.

Sector:	Games of Luck and Chance
Obligations Concerned:	Market Access (Article 11.4)
Level of Government:	Central
Measures:	Article 297 of the 1972 Constitution
Description:	<u>Cross-Border Services</u> Only the Government of Panama may operate games of luck and chance or other gambling activities in Panama.

Sector:	Ports and Airports
Obligations Concerned:	Market Access (Article 11.4) Local Presence (Article 11.5)
Level of Government:	Central
Measures:	Decree Law No. 7 of February 10, 1998 Law No. 23 of January 29, 2003
Description:	<u>Cross-Border Services</u> The executive branch of the Government of Panama has discretion to determine the number of concessions for national ports and airports and may require the concessionaire to appoint a legal representative in Panama.