

ANNEX 7
RESERVATION FOR EXISTING AND FUTURE MEASURES

1. The Schedule of a Party sets out the reservations taken by that Party pursuant to Article 93 (Reservations).
2. Each reservation sets out the following elements, where applicable:
 - (a) “Sector” refers to the general sector in which a reservation is taken;
 - (b) “Sub-Sector” refers to the specific sector in which a reservation is taken;
 - (c) “Industry Classification” refers, where applicable, to the activity covered by the reservation according to domestic or international industry classification codes. For the purposes of this Annex, the term “ISIC” means the International Standard Industrial Classification of All Economic Activities, United Nations numbers as set out in the Series M No. 4, Rev.3. The industry classification number is for illustrative purposes.
 - (d) “Type of Reservation” specifies the obligation for which a reservation is taken;
 - (e) “Level of Government” indicates the level of government maintaining the measure for which a reservation is taken. The term “regional” refers to in the case of Malaysia, a state of Malaysia, or in the case of Pakistan, a province of Pakistan. The term “Central” refers to in the case of Malaysia, the Federal Government of Malaysia, or in the case of Pakistan, the Central Government of Pakistan;
 - (f) “Description of Reservation” sets out the scope of the sector, sub-sector or activities covered by the reservation;
 - (g) “Measures Identified for Transparency Purposes” identifies, to the extent possible, only for transparency and illustrative purposes, existing measures that apply to the sector, sub-sector or activities covered by the reservation.
3. For Malaysia, paragraph 2 of Article 93 (Reservations) shall apply to Reservations No. 1 to 29 of this Schedule. Paragraph 3 of Article 93 (Reservations) shall not apply to Reservations No. 3, 4, and 19 (sub-sectors: n, o, and p).
4. For Pakistan, paragraph 1 of Article 93 (Reservation) shall apply to Reservations Nos. 1, 3, 4, 6, 8, 9, 10, 11, 12, 13, 15, 16, 18, 19, 20, 21, 25, 27, 28, 29, 30, 31 of this Schedule. Paragraph 2 and 3 of Article 93 (Reservation) shall apply to Reservations Nos. 2, 5,7,14, 17, 22, 23, 24, 26.

Schedule of Malaysia

1.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90) Prohibition of Performance Requirements (Article 92)
Level of Government:	Regional
Description of Reservation:	Malaysia reserves the right to maintain or adopt any measure taken by a State Government.
Measures Identified for Transparency Purposes:	-

2.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservations:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central and Regional
Description of Reservation:	National Treatment and Most-Favoured-Nation Treatment may not be accorded in the provision of loans, grants, incentives and other subsidies.
Measures Identified for Transparency Purposes:	Promotion of Investments Act, 1986 Income Tax Act, 1967 Customs Act, 1967 Sales Tax Act, 1972 Excise Act, 1976 National Agriculture Policy Bank Pertanian Malaysia Act 1969

3.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservations:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to maintain or adopt quantitative or any measure relating to the entry and temporary stay of foreign natural persons.
Measures Identified for Transparency Purposes:	Immigration Act 1959/63 (Revised 1975) National immigration policies

4.

Sector: All sectors

Sub-Sector: -

Industry Classification: -

Type of Reservations: National Treatment (Article 89)

Level of Government: Central and Regional

Description of Reservation: Prohibitions or restrictions may be imposed on foreigners in land transactions, including ownership and lease of land and property, and natural resources associated with land. Such transactions are subject to prior approval of the Central and/or Regional authorities, in accordance with laws, regulations, policies and guidelines.

Measures Identified for Transparency Purposes: National Land Code
Malay Reserve Land Law
Federal Constitution
Land Acquisition Act, 1960
Sabah Land Ordinance
Sarawak Land Ordinance
Foreign Investment Committee (FIC) Guidelines

5.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservations:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to adopt or maintain any measure on portfolio investment, any securities to be listed or listed on a stock exchange, and securities subject to regulation governing acquisition of interests or takeovers and mergers.

Note:

The term portfolio investment means:

- i) shares, stocks or other forms of equity participation in an enterprise traded in a securities exchange, which amount to less than 10 percent of the total capital of such enterprise; or
- ii) debt securities, such as bonds, notes and financial derivatives, the original maturity of which is less than 12 months, unless such debt securities are arising out of intra-company debt transactions between an investor of a Party and an enterprise in the other Party of which 10 percent or more of the shares, stocks, or other forms of equity are directly or indirectly owned by the investor, or which is directly or indirectly controlled by the investor.

Measures may include though not limited to licensing and foreign participation in the market.

Measures Identified for Transparency Purposes:	Exchange Control Act, 1958 Securities Commission Act, 1993 Securities Industry Act, 1983 Securities Industry (Central Depositories) Act, 1991 Companies Act, 1965 Futures Industry Act, 1993 The Malaysian Code on Take-Overs and Mergers 1998
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Foreign Investment Committee (FIC) Guidelines –
Guideline on the Acquisition of Interests, Mergers and
Take-Overs by Locals and Foreign Interests

6.

Sector: All sectors

Sub-Sector: -

Industry Classification: -

Type of Reservations: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: Malaysia reserves the right to adopt or maintain any measure with respect to treatment of shares in the share capital of a corporation quoted on the official list of the stock exchange, which have been deposited with the central depository, which restricts the rights, benefits, powers and privileges or make it subject to liabilities, duties and obligations, where such shares are owned by a foreigner, or the shares are quoted separately as foreign shares on the official list of a stock exchange.

Measures Identified for Transparency Purposes: Securities Industry (Central Depositories) Act, 1991
Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996

7.

Sector:	All sectors
Sub-Sector :	-
Industry Classification:	-
Type of Reservations:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	<p>Licensing may be required from the relevant regulatory authorities. The regulatory authority reserves the right to approve or reject the licenses in accordance with the relevant legislations, policies and guidelines.</p> <p>Note: This reservation shall not include export requirements or local equity requirements unless otherwise provided for in this Schedule.</p> <p>Malaysia reserves the right to adopt or maintain licensing requirements which may be relevant.</p>
Measures Identified for transparency purposes:	<p>Industrial Coordination Act, 1975 Companies Act, 1965 Registration of Business Ordinance Custom Act, 1967 Sales Tax Act, 1972 Goods Vehicle Levy Act, 1983 Petroleum Development, Act 1974 Excise Act, 1976 Free Zone Act, 1990 Federal Constitution National Land Code Foreign Investment Committee (FIC) Guidelines Environmental Quality Act, 1974</p>

8.

Sector: All sectors

Sub-Sector : -

Industry Classification: -

Type of Reservations: National Treatment (Article 89)

Level of Government: Central

Description of Reservations: Malaysia reserves the right to adopt or maintain any measure with respect to acquisition of shares or any interest, mergers and takeover of companies and businesses in Malaysia by foreigners.

Note: Interest means holding voting rights or equity or any other rights in a company.

Measures Identified for Transparency Purposes: Industrial Coordination Act, 1975
Securities Commission Act, 1993
Code on Takeovers and Mergers 1998
Foreign Investment Committee (FIC) Guidelines

9.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of reservations:	Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central and Regional
Description of Reservation:	Most-Favoured-Nation treatment may not be accorded to foreign investors and their investments with respect to preferential treatment granted under any future customs union or free trade area or a common market or monetary union or similar international agreements or other forms of bilateral or regional or sub-regional agreement to which Malaysia may sign or enter into after the entry into force of this agreement.
Measures Identified for Transparency Purposes:	All ASEAN agreements including ASEAN Free Trade Agreements with dialogue partners Indonesia, Malaysia, Thailand Growth Triangle (IMT-GT) Brunei, Indonesia, Malaysia, Philipines Growth Area (BIMP-EAGA) Investment Guarantee Agreements (IGAs)

10.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservations:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central and Regional
Description of Reservations:	National Treatment and Most-Favoured-Nation Treatment may not be accorded to foreign investors and their investments with respect to the privatisation or divestment of assets owned by the government.
Measures Identified for Transparency Purposes:	New Economic Policy National Development Policy National Vision Policy National Development Plan Privatisation Master Plan Guidelines on Privatisation

11.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservations:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central and Regional
Description of Reservations:	Malaysia reserves the right to adopt or maintain any measure relating to the transfer or disposal of equity interests or assets of a state enterprise, a government entity, or a government-linked company or a Minister of Finance Incorporated company.
Measures Identified for Transparency Purposes:	New Economic Policy National Development Policy National Development Plan

12.

Sector: All sectors

Sub-Sector: -

Industry Classification: -

Type of Reservations: National Treatment (Article 89)
Most-Favoured-Nation Treatment (Article 90)

Level of Government: Central and Regional

Description of Reservations: In the event where activities restricted to designated enterprises or governmental entities are liberalized to those other than the designated enterprises or governmental entities, or in the event where such designated enterprises or governmental entities no longer operate on a non-commercial basis, Malaysia reserves the right to adopt or maintain any measures relating to those activities.

Measures Identified for Transparency Purposes:

13.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to adopt or maintain any measure relating to appointment of persons of Malaysian nationality to senior management positions or board of directors of companies/enterprises.
Measures Identified for Transparency Purposes:	Industrial Coordination Act, 1975 New Economic Policy National Development Policy National Vision Policy

14.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to adopt or maintain any measure relating to special preference to Bumiputera, Bumiputera status companies, trust companies and institutions.
Measures Identified for Transparency Purposes:	Federal Constitution New Economic Policy National Development Policy National Vision Policy Foreign Investment Committee (FIC) Guidelines

15.

Sector: All sectors

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)
Most-Favoured-Nation Treatment (Article 90)

Level of Government: Central and Regional

Description of Reservation: Malaysia reserves the right to adopt or maintain any measure relating to any sector that has not been established in Malaysia at the time of entry into force of this Agreement.

Measures Identified for Transparency Purposes: May include but not limited to:
Industrial Coordination Act, 1975
Foreign Investment Committee (FIC) Guidelines

16.

Sector: All services sectors

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)
Most-Favoured-Nation Treatment (Article 90)
Prohibition of Performance Requirements (Article 92)

Level of Government: Central and Regional

Description of Reservation: Malaysia reserves the right to adopt or maintain any measure relating to investments in services sectors, on condition that such measures do not constitute a violation of its obligations under Chapter 8 (Services) including National Treatment, Most-Favoured-Nation Treatment and Market Access.

Malaysia reserves the right to introduce or maintain any measure relating to any services sector that has not been established in Malaysia at the time of entry into force of this Agreement.

Measures Identified for Transparency Purposes:

17.

Sector: -

Sub-Sector: Manufacturing

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: Malaysia reserves the right to adopt or maintain export requirements on new projects or expansion or diversification of projects, consistent with national and social objectives and for the orderly development of manufacturing activities in Malaysia. Export requirements imposed on existing projects will continue to apply unless exempted.

Note:

1. For avoidance of doubt, export requirements will apply to all companies located in Free Zones and Licensed Manufacturing Warehouses or companies granted International Procurement Centre or Regional Distribution Centre status: such facilities/status are granted only for export-oriented companies.
2. Diversification shall refer to the activities or production of products other than those granted in the existing approval.
3. Expansion shall refer to new investment in production capacity of existing activities or products either in existing or new location.

Measures Identified for Transparency Purposes: Industrial Coordination Act, 1975, Section 4
 Customs Act, 1967
 Free Zone Act 1990

18.

Sector: Manufacturing

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: Consistent with national and social objectives and for the orderly development of manufacturing activities, Malaysia reserves the right to impose local equity requirements on new projects or on additional capital for expansion or diversification of projects.

Local equity requirements imposed on existing projects will continue to apply unless exempted.

Note:

1. Diversification shall refer to the activities or production of products other than those granted in the existing approval.
2. Expansion shall refer to new investment in production capacity of existing activities or products either in existing or new location.

Measures Identified for Transparency Purposes: Industrial Coordination Act, 1975
Customs Act, 1967

19.

Sector: Manufacturing

Sub-Sector and Industry Classification:

- a) Pineapple Canning (ISIC 1513)
- b) Palm Oil Milling and Refining (ISIC 1514)
- c) Sugar Refining (ISIC 1542)
- d) Liquors and Alcoholic Beverages (ISIC 1551-3)
- e) Tobacco Processing and Cigarettes (ISIC 1600)
- f) Wood-based Products Utilising Local Logs (ISIC 2010, 2021, 2022)
- g) Petroleum Refining (ISIC 2320)
- h) Ordinary Portland Cement (ISIC 2694)
- i) Steel billets/blooms (ISIC 2710)
- j) Hot Rolled Steel Bars and wire Rods (ISIC 2710)
- k) Optical discs, including CD, CD-ROM, VCD, DVD (ISIC 2230)
- l) Fabrics and Apparels of Batik (ISIC 1711, ISIC 1712, ISIC 1810)
- m) Manufacture/Assembly of Motorcycles, Passenger Cars, and Commercial Vehicles (ISIC 3410)
- n) Arms, Weapons, Ammunitions, Explosives, Pyrotechnic Products, Propellant Powders, Detonating or Safety Fuses, and the like (ISIC 2429, ISIC 2927)
- o) Waste Recycling Activities
- p) Collection, Storage, Treatment and Disposal of Hazardous and Toxic Wastes (Note: Only investors engaged in at least treatment of hazardous and toxic wastes are in the scope of this reservation)
- q) Biodiesel

Type of Reservations: National Treatment (Article 89)

Level of Government: Central and Regional

Description of Reservation: Malaysia reserves the right to adopt or maintain any measure in these sub-sectors.

Measures Identified for transparency purposes: Industrial Coordination Act, 1975
Forestry Act, 1984
Petroleum Development Act, 1974
Optical Discs Act, 2000
Arms Act, 1960
Explosives Act, 1967

Environmental Quality Act, 1974
National Automotive Policy 2006
National policies announced by the Cabinet

20.

Sector: Agriculture

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)
Most-Favoured-Nation Treatment (Article 90)
Prohibition of Performance Requirement (Article 92)

Level of Government: Central and Regional

Description of Reservation: Malaysia reserves the right to adopt or maintain any measures with regard to approval for the following agricultural projects. All approvals are subject to National Land Code and other laws, regulations and policies of the Central and Regional Governments.

Crops

- Paddy
- Horticulture (fruits and vegetables)
- Floriculture (low land, high land and ornamental plants)
- Herbs and spices
- Coffee
- Tea
- Coconut
- Oil palm
- Rubber
- Tobacco

Fisheries

- aquaculture
- marine-captured fisheries
- in-land captured fisheries
- ornamental fish

Livestock

- Abattoirs
- Livestock farming
- Birds' nest

Measures Identified for Transparency Purposes: Animal Act, 1953 (Revised-2006)
Meat Inspection Rules, 1985
Abattoirs (Privatization) Act, 1993
Abattoirs (Fee) Rules, 1994
National Land Code
Fisheries Act, 1985

Control of Padi and Rice Act 1994

21.

Sector: Fisheries

Sub-Sector: Aquaculture

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central and Regional

Description of Reservation: Malaysia reserves the right to adopt or maintain any measures on:

- i) treatment for fiscal incentives provided under the Income Tax Act 1967
- ii) approval for aquaculture projects which is subject to National Land Code and other laws, regulations and policies of the Central and Regional Governments.

Measures Identified for Transparency Purposes: Income Tax Act, 1967
National Land Code

22.

Sector:	Fisheries
Sub-Sector:	Capture Fisheries
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central
Description of Reservation:	<p>Malaysia reserves the right to adopt or maintain any measure on approval for:</p> <ul style="list-style-type: none"> i) licences for exploitation of resources activities in Malaysia's Exclusive Economic Zone (EEZ) and its seabed and subsoil ; ii) possession of vessels for fishing in Malaysia's EEZ. <ul style="list-style-type: none"> No vessel owned or operated by foreigner may be registered to carry out fishing activities without the permission of Department of Fisheries, Ministry of Agriculture and Agro-based Industry iii) fishing, landing, first landing of fish processed at sea, and access to Malaysian ports <ul style="list-style-type: none"> Foreign fishing vessels are required to obtain approval of the Department of Fisheries to enter Malaysia's EEZ and approval from Fisheries Development Authority to land their fish. iv) licenses for distribution of fish and fisheries products v) fisheries activities in coastal waters which is subject to National Land Code and other laws, regulations and policies of the Regional Governments.
Measures Identified for Transparency Purposes:	<p>Fisheries Act, 1985 Fisheries Development Authority of Malaysia Act 1971 Exclusive Economic Zone Act, 1984 Continental Shelf Act, 1966</p> <p>Industrial Coordination Act, 1975 Foreign Investment Committee (FIC) Guidelines</p>

23.

Sector:	Agriculture
Sub-Sector:	Paddy and Rice
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	<p>Malaysia reserves the right to adopt or maintain any measure in respect of:</p> <ul style="list-style-type: none"> ▪ planting, harvesting, collecting, post-harvest handling and processing of paddy and rice ▪ production of paddy seeds (planting and processing) ▪ Licensing for buying and selling of paddy, distribution (wholesale and retail), import and export of rice ▪ treatment for loans, grants and incentives for rice farming ▪ supporting infrastructure for rice farming ▪ approval for rice farming activities which is subject to National Land Code and other laws, regulations and policies of the Federal and Regional Governments ▪ collection and processing of paddy and rice ▪ buying and selling of paddy, ▪ distribution of rice (wholesale and retail) ▪ price and grade control ▪ import and export of rice ▪ inter-state movement of paddy
Measures Identified for Transparency Purposes:	<p>Control of Padi and Rice Act, 1994 National Land Code Malay Reserve Land Law Federal Constitution Land Acquisition Act, 1960 Sabah Land Ordinance Sarawak Land Ordinance National Agricultural Policy</p>

24.

Sector:	Forestry
Sub-Sector:	Extraction and harvesting of timber
Industry Classification:	ISIC 0200
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to adopt or maintain any measure in this sub-sector.
Measures Identified for Transparency Purposes:	National Forestry Act, 1984

25.

Sector:	Manufacturing, Forestry, Agriculture and Fisheries
Sub-Sector:	Biodiversity (Limitation for purpose of research and protection of state resources, for activities relating to pharmaceutical and biotechnological developments)
Industry Classification:	ISIC 0200
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to adopt or maintain any measure relating to biodiversity.
Measures Identified for Transparency Purposes:	Sarawak Biodiversity Centre Ordinance, 1997 National policies on Biodiversity as announced by the Cabinet

26.

Sector:	Oil and Gas
Sub-Sector:	Upstream Industries
Industry Classification:	ISIC 1100
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to adopt or maintain any measure relating to the oil and gas upstream industries.
Measures Identified for Transparency Purposes:	Petroleum Development Act, 1974

27.

Sector: Mining and Quarrying

Sub-Sector: -

Industry Classification: ISIC 10, ISIC 11, ISIC 12, ISIC 13, ISIC 14

Type of Reservation: National Treatment (Article 89)
Most-Favoured-Nation Treatment (Article 90)

Level of Government: Central and Regional

Description of Reservation: Malaysia reserves the right to adopt or maintain any measure relating to mining and quarrying.

Measures Identified for Transparency Purposes: Federal Constitution
Mineral Development Act, 1994
Petroleum Mining Act 1966
State Mineral Enactments
National Mineral Policy

28.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to adopt or maintain any measure relating to statutory bodies.
Measures Identified for Transparency Purposes:	State Legislatures Competency Act, 1962 (Revised 1989) Employees Provident Fund Act, 1991 Inland Revenue Board of Malaysia Act, 1995 General Circular No. 3/1998

29.

Sector:	All sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	Malaysia reserves the right to adopt or maintain any measure relating to national and state unit trusts.
Measures Identified for Transparency Purposes:	Federal Constitution New Economic Policy National Development Policy National Vision Policy Financial Sector Master Plan Guidelines on Real Estate Investment Trusts Guidelines for Islamic Real Estate Investment Trusts Guidelines on Unit Trust Funds

Schedule of Pakistan

1.

Sector:	Export Processing Zones (EPZs)
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	Prohibition of Performance Requirements (Article 92)
Level of Government:	Central
Description of Reservation:	Industries located in the Export Processing Zones may export only up to twenty percent of their total production to tariff areas in Pakistan, while eighty percent shall be exported to foreign countries.
Measures Identified for Transparency Purposes:	SRO:561(I)/2004 dated 12.06.2004. (SRO means Statutory Regulatory Order)

2.

Sector:	Maritime Transport Services
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90) Prohibition of Performance Requirement (Article 92)
Level of Government:	Central
Description of Reservation:	<p>Pakistan reserves the right to adopt or maintain any measure relating to the provisions of maritime transportation services and operation of Pakistan flag vessels including the following:</p> <ul style="list-style-type: none"> (a) Requirements for investment in, ownership and control of and operation of vessels and other marine structures, drilling rigs, in the maritime cabotage services, including maritime cabotage services performed in the domestic trade, territorial waters, waters above the continental shelf and inland waterways. (b) Requirements for the investment in ownership or control of and operation of vessels engaged in fishing and related activities in Pakistan territorial waters and EEZ. (c) Incentives, including tax benefits, available for ship-owners, operators and vessels meeting certain requirements. (d) Requirements related to registration and mortgages under Pakistan flag. (e) Licensing and citizenship requirements for crew members, including manning requirements on Pakistani flag vessels. (f) All matters under the jurisdiction of the Maritime Security Agency (MSA). (g) Negotiation and implementation of bilateral and other international maritime agreements and MOUs/Protocols. (h) Tonnage duties, light dues, etc for entering/leaving Pakistani waters/ports. (i) Licensing /certification and citizenship requirements for harbour pilots performing services in Pakistani waters. (j) Requirements for investment in container terminals, container freight stations, maritime commercial

- agencies, tallying, government surveying dock labour services.
- (k) Requirement for cargo sharing, contract of afreightment and preferences to the Pakistan flag vessels.
 - (l) Licensing/certification of surveyors including Government survey and Port State Control measures for the safety of the vessels under Pakistan flag and the vessels entering/leaving ports of Pakistan.

Measures Identified for
Transparency Purposes: Territorial Water & Maritime Zones Act 1976

3.

Sector:	Air Services
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central
Description of Reservation:	Only air carriers charter and aerial work operators with controlling interests in local hands may operate aircraft in domestic air service and may provide international scheduled and non-scheduled air services as Pakistan operators.
Measures Identified for Transparency Purposes:	Civil Aviation Ordinance, 2001

4.

Sector:	Radio-communications, Communications and Cable Television
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central
Description of Reservation:	<p>Satellite Televisions / FM radio broadcasting and distribution services shall be supplied by Pakistani nationals. Moreover, a broadcast or distribution service license shall not be granted to a company the majority shares of which are owned or controlled by foreign nationals or companies whose management or control is vested in foreign nationals or companies.</p> <p>Senior management, members of the boards of directors of companies providing broadcasting or distribution services must be Pakistani nationals.</p>
Measures Identified for Transparency Purposes:	Section 25 of Pakistan Electronic Media Regulatory Authority Ordinance, (PEMRA), 2002

5.

Sector:	Radio-communications and Communications
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central
Description of Reservation:	Islamic Republic of Pakistan reserves the right to adopt or maintain any measure that accords differential treatment to persons of other countries due to application of reciprocity measures or through international agreements involving sharing of the radio spectrum, guaranteeing market access, or national treatment with respect to the one-way satellite transmission of direct-to-home, broadcasting as well as direct broadcasting satellite (DBS) television services and digital audio services. Senior management, members of the boards of directors of companies providing broadcasting or distribution services must be Pakistani nationals.
Measures Identified for Transparency Purposes:	Telegraph and Telecommunication Act 1990

6.

Sector: Fisheries
 Sub-Sector: -
 Industry Classification: -
 Type of Reservation: National Treatment (Article 89)
 Level of Government: Central and Regional

Description of Reservation: The following restrictions apply in Pakistan’s territorial water and Exclusive Economic Zone:

Zone	Nautical Miles	Policy
I. Coastal	0-12	Small scale fishing
II.	Beyond 12 to 35	Fishing through medium size vessels
III.	Beyond 35 to 200	Industrial fishing

Fishing licenses in Exclusive Economic Zone (EEZ)

The applicant should be a Pakistani national and the firm should be a registered company under the Companies Act of Pakistan having at least 51% of its stock owned by Pakistani nationals. A foreign company promising substantial investment in Pakistan may be made eligible for a license, as a special case, by the Ministry of Food, Agriculture and Livestock of the Federal Government in consultation with the National Fisheries Development Board.

Measures Identified for Transparency Purposes: Exclusive Economic Zone Act, 1975
 Deep Sea Fishing Policy 1995 as mended in 2001

7.

Sector:	Communications – Cable Television
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central
Description of Reservation:	Pakistan reserves the right to adopt or maintain any measure that accords equivalent treatment to persons of any country that limits ownership by persons of the other Party in an enterprise engaged in the operation of cable televisions system in that country.
Measures Identified for Transparency Purposes:	Pakistan Electronic Media Regulatory Authority (PEMRA) Ordinance 2002

8.

Sector: All sectors

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: Work visas need to be obtained by foreign nationals intending to work in Pakistan.

A foreign person cannot hold real estate property in his/her own name unless permission in writing is given by the Federal or Provincial Government of Pakistan. The following requirements must be provided:

- Copy of the contract agreement (Proposed to be registered) between the seller and the buyer.
- Particulars of the seller i.e. I.D. Card copy, his complete address etc.
- Proof of ownership i.e. certified copy of the registered document issued by the Sub-Registrar, a transfer letter duly attested by Notary Public.
- Map/drawing/approved site plan of the house/building in case of constructed property.
- Description of the Property duly issued by the concerned Revenue Officer of Tehsil (part of district)
- Particulars of the Buyer firm/individual BOI letter of recommendation in case of foreign firm and passport copies in case of foreign individual and their addresses in Pakistan.
- An Affidavit of the alienator in support of the applicant.

Measures Identified for Transparency Purposes:

Policy Decision by Cabinet Committee on Investment vide Decision No. CCOI-19/03/99 dated 1st March, 1999

Section – 3 of the Foreigners Act, 1946 (XXXXI of 1946) vide Ministry of Interior Order No. 18/153/84-Poll.E (II)

9.

Sector:	All Sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90) Prohibition of Performance Requirements (Article 92)
Level of Government:	Regional
Description of Reservation:	All existing non-conforming measures of all provinces of Pakistan.
Measures Identified for Transparency Purposes:	Telegraph and Telecommunication Act 1990

10.

Sector: Non-Manufacturing Sector

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: The payment of franchise, royalty or technical fees in non-manufacturing sectors is allowed subject to the condition that in such cases of foreign investment, including in the food sector, the initial/lump sum fee should not exceed US\$ 100,000 irrespective of the number of outlets under a franchise.

Measures Identified for Transparency Purposes: Investment Policy 2007 of the Board of Investment, Government of Pakistan

(Non-Manufacturing Sector comprises of Agriculture, Infrastructure/Social Sector and Services Sector including Information Technology & Telecom Services)

11.

Sector:	Social Sector (Education, Technical/Vocational Training, Human Resource Development, Hospitals, Medical and Diagnostic Services).
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central
Description of Reservation:	The amount of foreign equity investment in a company/project shall be at least US\$ 0.30 million.
Measures Identified for Transparency Purposes:	Investment Policy 2007 of the Board of Investment, Government of Pakistan

12.

Sector: Infrastructure Sector

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: The amount of foreign equity investment in a company/ project shall be at least US\$ 0.30 million.

Measures Identified for Transparency Purposes: Investment Policy 2007 of the Board of Investment, Government of Pakistan

13.

Sector:	All Sectors
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90) Prohibition of Performance Requirements (Article 92)
Level of Government:	Central and Regional
Description of Reservation:	<p>Pakistan reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Treaty.</p> <p>Pakistan reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral agreement in force or signed after the date of entry into force of this Treaty involving:</p> <ul style="list-style-type: none"> (a) aviation (b) fisheries (c) maritime matters (d) telecommunications.
Measures Identified for Transparency Purposes:	Civil Aviation Ordinance, 2001, Territorial Water & Maritime Zones Act 1976 Exclusive Fishing Zone (Regulation of Fishing) Act, 1975 Pakistan Telecommunication Rules, 2000

14.

Sector:	Engineering Goods
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	Prohibition of Performance Requirements (Article 92)
Level of Government:	Central
Description of Reservation:	<p>In cases of procurement by the Government and other public sector agencies, bidders tendering for engineering goods produced in Pakistan shall be accorded price preference in Rupees up to a specific percentage (in proportion to the value addition) of the lowest quoted landed cost of an item of foreign origin with similar specifications as mentioned in the tenders;</p> <p>(1) Provided that:</p> <p style="margin-left: 20px;">(a) The saving in foreign exchange is not less than the amount of price preference; and</p> <p style="margin-left: 20px;">(b) It is ensured that in each case of such preference, the total import requirements for producing the supplies tendered for locally manufactured items has been duly indicated by the bidders.</p> <p>(2) Price preference shall be allowed as follows:</p> <p style="margin-left: 20px;">(a) Where minimum of 20% value addition through indigenous manufacturing price preference shall be 15%.</p> <p style="margin-left: 20px;">(b) Where 20% to 30% value addition through indigenous manufacturing price preference shall be 20%.</p> <p style="margin-left: 20px;">(c) Where 30% value addition through indigenous manufacturing price preference shall be 25%.</p>

The above SRO applies to procurement for government purposes as well as to commercial procurement by public sector entities/ agencies.

Measures Identified for
Transparency Purposes: SRO: 827(I)/2001 dated 3.12.2001

15.

Sector: Print Media

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: No person who is not a citizen of Pakistan shall own or hold any interest in any newspaper printed or published in a province except with the approval of the Government and no such person shall in any case own or hold more than 25% of propriety interest in any such paper, whether in the form of shares or by way of sole ownership, partnership or otherwise.

Measures Identified for Transparency Purposes: Publications, Newspapers, News Agencies, Book Registration Ordinance, 2002

16.

Sector: Print Media

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: Pakistan reserves the right to adopt any policy regarding the ownership or equity participation of foreign investors in newspapers, periodicals and news agencies.

Measures Identified for Transparency Purposes: Publications, Newspapers, News Agencies, Book Registration Ordinance, 2002

17.

Sector:	Financial Services
Sub-Sector:	Banking and other Financial Services (excluding Insurance)
Industry Classification:	-
Type of Reservation:	Most-Favoured-Nation Treatment (Article 90)
Level of Government:	Central
Description of Reservation:	Pakistan reserves the rights to grant licences, on the basis of reciprocity, to any non-party to the Agreement, which have accorded equivalent market access concessions to Pakistan's banks.
Measures Identified for Transparency Purposes:	Policy Measures under SBP Act 1956 and Banking Companies Ordinance 1962 Guidelines and Criteria for setting up of a Commercial Bank

18.

Sector:	Financial Services
Sub-Sector:	Banking and other Financial Services (excluding Insurance)
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central
Description of Reservation:	<p>Foreign banks having a global tier – paid up capita of US\$5 billion or more are allowed to conduct banking business in branch mode as well as through a locally incorporated subsidiary with equity of up to 100%.</p> <p>Apart from the above, a foreign corporate entity/body desirous of conducting banking business in Pakistan must incorporate a company locally, with a maximum of 49% shareholding by the foreign strategic investor/entry/financial institution.</p>
Measures Identified for Transparency Purposes:	Policy Measures under SBP Act 1956 and Banking Companies Ordinance 1962

19.

Sector: Financial Services

Sub-Sector: Insurance

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: In order to transact insurance business, a company incorporated in a jurisdiction outside Pakistan is required to establish a branch in Pakistan, Section 5(2).

Apart from the above, a foreign corporate entity/body desirous of conducting banking business in Pakistan must incorporate a company locally, with a maximum of 49% shareholding by the foreign strategic investor/entry/financial institution.

Once registered as an insurer, a company incorporated in a jurisdiction outside Pakistan has to comply with the requirements of the Companies Ordinance, 1984 (the "Ordinance") and has to furnish copies of all accounts, documents, reports and returns filed under the Ordinance to the Securities and Exchange Commission of Pakistan. Section 47(2).

A company incorporated in a jurisdiction outside Pakistan is also required to provide the Commission with copies of its annual accounts or any public document describing its business in Pakistan, which it submits to the regulatory authority in its country of incorporation or in a country where it has its corporate seat or principal place of business. Section 47(3).

- Foreign insurance companies desirous of operating in Pakistan are entitled to hold upto 51% share;
- Foreign companies are required to bring a minimum amount of US\$ 2 million in foreign exchange and raise an equivalent amount from the local market.

Measures Identified for Transparency Purposes: Section 5(2), 28, 47 and 167 (i) of the Insurance Ordinance, 2000

20.

Sector: Financial Services

Sub-Sector: Insurance

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: A foreign insurance broker registered in Pakistan is required to have a minimum paid-up capital of at least 0.3 million US dollars, whilst a local broker is required to have a minimum paid-up capital of at least 10 million Rupees.

Apart from the above, a foreign corporate entity/body desirous of conducting banking business in Pakistan must incorporate a company locally, with a maximum of 49% shareholding by the foreign strategic investor/entry/financial institution.

Measures Identified for Transparency Purposes: Rule 13(a) of the Insurance Rules 2002 (framed under Section 167(1) of the Insurance Ordinance 2000)

21.

Sector:	Corporate Agriculture Farming
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	Foreign investors are allowed to hold 100% equity in Corporate Agriculture Farming (CAF)
Measures Identified for Transparency Purposes:	Corporate Agriculture Farming Policy (As approved by the Prime Minister)

22.

Sector:	Agriculture Farming including Corporate Farming and Fisheries
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central and Regional
Description of Reservation:	Pakistan reserves the right to adopt or maintain any measure that accords differential treatment to Pakistani investors.
Measures Identified for Transparency Purposes:	Corporate Agriculture Farming Policy

23.

Sector:	-
Sub-Sector:	Atomic Energy
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90) Prohibition of Performance Requirements (Article 92)
Level of Government:	Central
Description of Reservation:	Pakistan reserves the right to adopt or maintain any measure that accords differential treatment to countries or companies under the applicable policies or laws or rules or any investment agreement or international agreement signed after the date of entry into force of this Agreement.
Measures Identified for Transparency Purposes:	Pakistan Nuclear Regulatory Authority Ordinance, 2001

24.

Sector:	Mining
Sub-Sector:	Oil, Gas and Mineral
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90) Prohibition of Performance Requirements (Article 92)
Level of Government:	Central and Regional
Description of Reservation:	Pakistan reserves the right to adopt or maintain any measure that accords differential treatment in any existing investment agreement or contract in force or signed prior to the signing of this Agreement.
Measures Identified for Transparency Purposes:	National Mineral Policy, 1995 Petroleum Exploration & Production Policy, 2001

25.

Sector:	Mining
Sub-Sector:	Oil, Gas and Mineral
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89) Most-Favoured-Nation Treatment (Article 90) Prohibition of Performance Requirements (Article 92)
Level of Government:	Central and Regional
Description of Reservation:	All the non-conforming measures contained in the policies/procedures/laws/rules of Pakistan as may be in force from time to time.
Measures Identified for Transparency Purposes:	National Mineral Policy, 1995 Petroleum Exploration & Production Policy, 2001

26.

Sector: Communications

Sub-Sector: Postal Services

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: Wherever within Pakistan posts of Postal Communications are established by the Federal Government, the Federal Government shall have the exclusive privilege of conveying by the Post, from one place to another all letters, and shall also have the exclusive privilege of performing all the incidental services of receiving, collecting, sending, dispatching and delivering all letters.

The federal government by notification in the official gazette, fixes the rates of the postage and other sums to be charged in respect of postal articles sent by the inland post under this Act and makes rules to the scale of weights, terms and conditions to which the rates so fixed shall be changed. The federal Government shall also declare what packets may be sent by the inland post as printed papers and small packets within the meaning of the Act.

Rule 19 – Transmission by post of anything injurious is prohibited.

No person shall send by post any explosive, dangerous, filthy, noxious, deleterious, substance, and sharp instrument not properly protected or any living creature which is either noxious or likely to injure postal article in course of transmission.

Rule 20 – No person shall send by post

- any indecent or obscene printing, painting, photograph, lithograph, engraving, book or card, or any other indecent or obscene article, or
- any postal article having thereon, or on the cover thereof, any words, marks or designs of an indecent, obscene, seditious, scurrilous, threatening or grossly offensive character.

Measures Identified for

Transparency Purposes: Post Office Act 1898 Chapter II Rule 4, Chapter III Rule 7,
Chapter V 19 & 20
Conditions of transmission of postal articles

27.

Sector: Communications

Sub-Sector: Postal Services

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: All existing non confirming measures that are covered or contained under the Post Office Act 1898 and to ensure effective implementation of all the provisions of the Act framing rules and regulations and designing mechanism for its enforcement.

Measures Identified for Transparency Purposes: Post Office Act 1898

28.

Sector:	Construction and Engineering Works
Sub-Sector:	-
Industry Classification:	-
Type of Reservation:	National Treatment (Article 89)
Level of Government:	Central, Regional and authorities created through Act of Parliament.
Description of Reservation:	The domestic bidders either individual firms/joint ventures are eligible for a specific percentage (e.g. 7.5%) margin of preference in the comparison of their bids with those bidders who do not qualify for the preference as mentioned in Clause 32.3 a & b of World Bank Bid documents.
Measures Identified for Transparency Purposes:	World Bank bidding documents (Relevant Clauses attached).

32 Evaluation of Bids

32.1 The Purchaser shall evaluate each bid that has been determined, up to this stage of the evaluation, to be substantially responsive.

32.2 To evaluate a Bid, the Purchaser shall only use all the factors, methodologies and criteria defined in ITB Clause 32. No other criteria or methodology shall be permitted.

32.3 To evaluate a Bid, the Purchaser shall consider the following:

- (a) the Bid Price as quoted in accordance with clause 14;
- (b) price adjustment for correction of arithmetic errors in accordance with ITB Sub-Clause 29.3;
- (c) price adjustment due to discounts offered in accordance with ITB Sub-Clause 14.4;
- (d) adjustments due to the application of the evaluation criteria **specified in the BDS** from amongst those set out in Section III, Evaluation and Qualification Criteria;

32.4 The Purchaser's evaluation of a bid may require the consideration of other factors, in addition to the Bid Price quoted in accordance with ITB Clause 14. These factors may be related to the characteristics, performance, and terms and conditions of purchase

of the Goods and Related Services. The effect of the factors selected, if any, shall be expressed in monetary terms to facilitate comparison of bids, unless otherwise specified in Section III, Evaluation and Qualification Criteria. The factors, methodologies and criteria to be used shall be as specified in ITB Sub-Clause 32.3 (d).

32.5 If so **specified in the Bidding Data Sheet (BDS)**, these Bidding Documents shall allow Bidders to quote separate prices for one or more lots, and shall allow the Purchaser to award one or multiple lots to more than one Bidder. The methodology of evaluation to determine the lowest-evaluated lot combinations, is specified in Section III, Evaluation and Qualification Criteria.

29.

Sector: Construction and Engineering Works

Sub-Sector: -

Industry Classification: -

Type of Reservation: National Treatment (Article 89)

Level of Government: Central

Description of Reservation: A foreign constructor or foreign operator wishing to perform any construction or operation of engineering works in Pakistan shall obtain an appropriate license from the Council before initiating any activity which is a subject of these Bye-laws. The foreign constructor or foreign operator may be granted a license only for specific projects, which need expertise and specialized technology of construction or operation not available with Pakistani constructor or Pakistani operator. Any such foreign constructor or foreign operator shall enter into a joint venture agreement with the Pakistani constructor or Pakistani operator in which the share of a foreign constructor or foreign operator shall be limited to the expertise and technology not available with the Pakistani constructor or Pakistani operator. The establishment of a joint venture shall be subject to the condition that the share of the Pakistani constructor or Pakistani operator shall not be less than thirty percent.

Measures Identified for Transparency Purposes: Section – 4, Clause. 11, Pakistan Engineering Council(PEC) Works Bye-Laws