AGREEMENT ON INVESTMENT BETWEEN THE REPUBLIC OF KOREA AND THE REPUBLIC OF ICELAND, THE PRINCIPALITY OF LIECHTENSTEIN AND THE SWISS CONFEDERATION

The Republic of Korea (hereinafter referred to as “Korea'), on the one side, and the Republic of Iceland, the Principality of Liechtenstein and the Swiss Confederation (hereinafter referred to as "the EFTA Parties"), on the other side (hereinafter collectively referred to as "the Parties"),

RECOGNISING that mutually enhanced investment opportunities will stimulate the flow of private capital and the economic development of the Parties;

INTENDING to create and maintain favourable conditions for investment by investors of one side in the territory of the other side and to provide protection for such investors and their investments;

RECALLING the concomitant signature of a Free Trade Agreement between Korea and the EFTA States (hereinafter referred to as "the Free Trade Agreement");

CONFIRMING that this Agreement forms part of the instruments establishing a free trade area between Korea and the EFTA States, as referred to in Article 1.4 of the Free Trade Agreement;

HAVE AGREED as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. "Company" means any entity constituted or organized under the applicable law, whether or not for profit, and whether private or government owned or controlled, including any corporation, trust, partnership, sole proprietorship, branch, joint venture or other association; 2. "Investment" means any kind of asset and particularly:

(a) a company;

(b) movable and immovable property as well as any other rights in rem, such as mortgages, liens, and pledges;

(c) shares, stocks or any other kind of equity participation in a company;

(d) bonds, debentures, loans and other forms of debt;

(e) claims to money or to any performance associated with a company having an economic value;

(f) intellectual property rights, technical know-how and goodwill; or

(g) rights conferred pursuant to law or contract such as concessions, licences, authorisations and permits, including any concession to search for, cultivate, extract or exploit natural resources.

3. "Investment of an investor of a Party" means an investment that is owned or controlled, either directly or indirectly, by an investor of that Party.

4. "Investor of a Party" means:

(a) a natural person having the nationality of that Party or having the right of permanent residence of that Party in accordance with its applicable laws; or

(b) a juridical person or any other entity, except branches, constituted or organized under the applicable law of that Party and carrying out substantial business activities there, making or having made an investment in the territory of another

Party.

Article 2. Scope and Coverage

1. This Agreement shall apply to investors of a Party, and to their investments whether made prior to or after the entry into force of this Agreement. It does not apply to claims arising out of events which occurred prior to its entry into force.

2. Article 4 shall not apply to measures affecting trade in services, provided that the sector concerned is covered by Chapters 3 or 4 of the Free Trade Agreement.

3. The provisions of this Agreement shall be without prejudice to the rights and obligations of the Parties under other international agreements relating to investment.

4. The provisions of this Agreement shall apply to the investment relations between the EFTA Parties, on the one side, and Korea, on the other, but not to the investment relations between individual EFTA States.

Article 3. General Treatment and Protection

1. Each Party shall in accordance with the provisions of this Agreement create and maintain stable, equitable, favourable and transparent conditions for investors of the other Parties to make investments in its territory.

2. Each Party shall accord to investments of investors of another Party fair and equitable treatment and full protection and security. No Party shall impair by unreasonable or discriminatory measures their operation, management, maintenance, use, enjoyment or disposal.

3. Furthermore, each Party shall observe any written obligation it may have entered into with regard to a specific investment by an investor of another Party, which the investor could rely on in good faith when establishing, acquiring or expanding the investment.

Article 4. National Treatment and Mfn Treatment

1. Each Party shall accord to investors of another Party and their investments, in relation to the establishment, acquisition, expansion, management, conduct, operation, liquidation, sale, transfer, or other disposition, of investments, treatment that is no less favourable than that it accords to its own investors and their investments (national treatment) or to investors of any third State and their investments (MFN treatment), whichever is more favourable.

2. If a Party accords special advantages to investors of any third State and their investments by virtue of a free trade agreement, customs union, or similar agreement that also provides for substantial liberalisation of investments, it shall not be obliged to accord such advantages to investors of another Party and their investments. However, upon request from another Party, it shall afford adequate opportunity to the other Parties to negotiate the benefits granted therein.

3. National treatment and MFN treatment shall apply to taxation measures subject to deviations that are necessary for the equitable and effective imposition and collection of direct taxes (1). However, if a Party accords special advantages to investors of any third State and their investments by virtue of an agreement for the avoidance of double taxation, it shall not be obliged to accord such advantages to investors of another Party and their investments.

4. The standard of national treatment as provided for in paragraph 1 shall not apply to subsidies based on a Party's social policy or its economic development policy, even if such subsidies, directly or indirectly, favour local enterprises or entrepreneurs. If another Party considers that such subsidies, in a particular case, have a seriously distortive effect on the investment opportunities of its own investors, it may request consultations on such matters. Such requests shall be accorded sympathetic consideration.

5. The standard of national treatment as provided for in paragraph 1, means, with respect to a sub-national entity, treatment no less favourable than the most favourable treatment accorded by that entity to investors, and to investments of investors, of the Party of which it forms a part.

(1) Footnote 6 of Article XIV of the General Agreement on Trade in Services shall apply.

Article 5. Transfers

1. Each Party shall ensure that all payments relating to an investment in its territory of an investor of another Party may be freely transferred into and out of its territory without delay. Such transfers shall include, in particular, though not exclusively:

(a) the initial capital and additional amounts to maintain or increase the investment;

(b) profits, interest, dividends, capital gains, royalties, fees and returns in kind;

(c) payments made under a contract, including a loan agreement;

(d) proceeds from the sale or liquidation of all or any part of the investment;

(e) earnings and other remuneration of personnel engaged from abroad in connection with the investment;

(f) payments made pursuant to Articles 13 and 14; and

(g) payments arising under Article 16. 2. Each Party shall further ensure that such transfers may be made in a freely convertible currency, i.e. a currency that is widely traded in international foreign exchange markets and widely used in international transactions. Transfers shall be able to be made at the market rate of exchange prevailing on the date of transfer.

3. It is understood that paragraphs | and 2 are without prejudice to the equitable, non-discriminatory and good faith application of measures:

(a) relating to bankruptcy, insolvency or the protection of the rights of creditors;

(b) relating to or ensuring compliance with laws and regulations:

(i) on the issuing, trading and dealing in securities, futures and derivatives; or

(ii) concerning reports or records of transfers; or

(c) in connection with criminal offences and orders or judgements in administrative and adjudicatory proceedings.

Article 6. Temporary Safeguard Measures

1. Where, in exceptional circumstances, payments and capital movements between the Parties cause or threaten to cause serious difficulties for the operation of monetary policy or exchange rate policy in any Party, the Party concerned may take safeguard measures with regard to capital movements that are strictly necessary for a period not exceeding six months, provided that these measures are consistent with the Articles of Agreement of the International Monetary Fund. The application of safeguard measures may be extended through their formal reintroduction.

2. The Party adopting the safeguard measures shall inform the other Parties forthwith and present, as soon as possible, a time schedule for their removal.

Article 7. Monetary and Exchange Rate Policies

Nothing in this Agreement beyond the Parties' obligations under Article 5 applies to non-discriminatory measures of general application taken by public entities in the pursuit of monetary and related credit policies or exchange rate policies.

Article 8. Key Personnel

1. Each Party shall, subject to its laws and regulations relating to the entry, stay and work of natural persons, grant investors of another Party, and key personnel who are employed by such investors or by investments of such investors, temporary entry and stay in its territory to engage in activities connected with the management, maintenance, use, enjoyment, expansion or disposal of relevant investments, including the provision of advice or key technical services.

2. Each Party shall, subject to its laws and regulations, permit investors of another Party and their investments to employ any key personnel of the investor's or the investment's choice regardless of nationality and citizenship provided that such key personnel has been permitted to enter, stay and work in its territory and that the employment concerned conforms to the terms, conditions and time limits of the permission granted to such key personnel.

3. Each Party shall, subject to its laws and regulations, grant temporary entry and stay and provide any necessary confirming documentation to the spouse and minor children of a natural person who has been granted temporary entry, stay and

authorisation to work in accordance with paragraphs 1 and 2; the spouse and minor children shall be admitted for the period of the stay of that person.

Article 9. Health, Safety and Environmental Measures

1. Nothing in this Agreement shall be construed to prevent a Party from adopting, maintaining or enforcing any measure consistent with this Agreement that is in the public interest, such as measures to meet health, safety or environmental concems.

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

Article 10. Prudential Measures

Paragraph 2 of Article 4.8 of the Free Trade Agreement shall apply, *mutatis mutandis*, to this Agreement.

Article 11. Transparency

Article 10.1 of the Free Trade Agreement shall apply, *mutatis mutandis*, to this Agreement.

Article 12. Reservations

1. National treatment as provided for under Article 4 shall not apply to:

(a) any reservation that is listed by a Party in its Annex to this Agreement;

(b) an amendment to a reservation covered by paragraph (a) to the extent that the amendment does not decrease the conformity of the reservation with Article 4; and

(c) any new reservation adopted by a Party, and incorporated into its Annex, which does not affect the overall level of commitments of that Party under this Agreement;

to the extent that such reservations are inconsistent with Article 4.

2. As part of the reviews provided for in Article 19, the Parties undertake to review the status of the reservations set out in the Annexes with a view to reducing the reservations or removing them.

3. A Party may, at any time, either upon the request of another Party or unilaterally, remove in whole or in part reservations set out in its Annex by written notification to the other Parties.

4. A Party may, at any time, incorporate a new reservation into its Annex in accordance with paragraph 1(c) by written notification to the other Parties. On receiving such written notification, the other Parties may request consultations regarding the reservation. On receiving the request for consultations, the Party incorporating the new reservation shall enter into consultations with the other Parties.

Article 13. Expropriation and Compensation

None of the Parties shall take, either directly or indirectly, measures of expropriation or nationalization, or any other measures having the same nature or the same effect, against investments of investors of another Party, unless the measures are taken in the public interest, on a non-discriminatory basis and under due process of law, and provided that provision is made for prompt, effective and adequate compensation. Such compensation shall amount to the market value of the investment expropriated immediately before the expropriatory action was taken or became public knowledge, whichever is earlier. The amount of compensation shall include interest at a normal commercial rate from the date of dispossession until the date of payment, be settled in a freely convertible currency, be paid without delay and be freely transferable (2).

(2) it is understood that Article 13 does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights in

accordance with the Agreement on Trade-Related Aspects of Intellectual Property Rights, or to the revocation, limitation, or creation of intellectual property rights, to the extent that such issuance, revocation, limitation, or creation is consistent with Chapter 7 of the Free Trade Agreement.

Article 14. Compensation for Losses

The investors of a Party whose investments have suffered losses due to war or to any other armed conflict, revolution, state of emergency, rebellion, civil disturbance, or any other similar events in the territory of another Party shall be accorded by that Party treatment not less favourable than that which that Party accords for such losses to its own investors or to investors of any third State, whichever is more favourable to the investors concerned.

Article 15. Subrogation

1. If a Party or its designated agency has made a payment in accordance with a financial guarantee against non-commercial risks concerning an investment by one of its investors in the territory of another Party, the latter shall recognize the rights of the first Party or its designated agency by virtue of the principle of subrogation to the rights of the investor.

2. If a Party or its designated agency has made a payment to one of its investors and thereby entered into the rights of the investor, the latter may not make a claim based on these rights against the other Party without the consent of the first Party or its designated agency.

Article 16. Disputes between an Investor and a Party

1. If an investor of a Party considers that a measure applied by another Party is inconsistent with an obligation of this Agreement, thus causing loss or damage to the investor or its investment, the investor may request consultations with a view to resolving the matter amicably.

2. Any such matter which has not been settled within a period of six months from the date of written request for consultations may be referred to the courts or administrative tribunals of the Party concerned or to international arbitration. In the latter event the investor has the choice between any of the following:

(a) the International Centre for Settlement of Investment Disputes (ICSID) provided for by the Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington on March 18, 1965, if this Convention is available;

(b) conciliation or arbitration under the Additional Facility Rules of ICSID; or

(c) an ad hoc arbitral tribunal which, unless otherwise agreed upon by the parties to the dispute, shall be established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

3. Each Party hereby gives its prior consent to the submission to international arbitration in accordance with paragraph 2 of a dispute relating to an investment made by an investor of another Party, provided that the disputing investor has given written notice of his intent to the disputing Party at least 60 days before the claim to arbitration is submitted (3).

4. Once the investor has referred the dispute to either a national tribunal or any of the international arbitration mechanisms provided for in paragraph 2, the choice of the procedure shall be final. Furthermore, if the investor has submitted to a national tribunal a claim in relation to any written obligation a Party has entered into with regard to a specific investment made by the investor, as referred to in paragraph 3 of Article 3, the investor may no longer refer the same matter to international arbitration.

5. No Party shall prevent the disputing investor from seeking interim measures of protection, not involving the payment of damages or resolution of the substance of the matter in dispute before the courts or administrative tribunals of the disputing Party, prior to the institution of proceedings before any of the dispute settlement fora referred to in paragraph 2, for the preservation of its rights and interests.

6. An investor may not submit a dispute for resolution according to paragraph 1 if more than five years have elapsed from the date the investor first acquired or should have acquired knowledge of the events giving rise to the dispute.

7. The disputing Party shall at no time whatsoever during the process assert as a defence its immunity or the fact that the investor has received, by virtue of an insurance contract, a compensation covering the whole or part of the incurred damage.

8. No Party shall pursue through diplomatic channels a dispute submitted to international arbitration unless the other Party does not abide by and comply with the arbitral award.

9. The arbitral award shall be final and binding for the parties to the dispute and shall be executed without delay according to the law of the Party concerned.

(3) For clarity, it is understood that the term "investment made" refers to situations where an investment is not any more in the process of being established or acquired.

Article 17. Disputes between an Investor and a Party In Financial Services

1. Where an investor of a Party has given written notice to the disputing Party of its intent to submit a claim to international arbitration under Article 16 and the disputing Party invokes Article 6, 7 or 10, the disputing Party may refer the matter in writing to the Sub-Committee on Financial Services established pursuant to Article 4.20 of the Free Trade Agreement for a decision. For this matter, the Sub-Committee shall only be composed of the representatives of the disputing Party and of the investor's Party.

2. In a referral pursuant to paragraph 1, the Sub-Committee on Financial Services shall decide whether and to what extent Article 6, 7 or 10 is a valid defence to the claim of the investor. The Sub-Committee shall transmit its decision to the investor. Where the Sub-Committee finds that one of the said Articles is a valid defence, the investor shall not submit the claim to international arbitration. Where the Sub- Committee finds that none of the said Articles is a valid defence or has not reached a decision within 90 days of the receipt of the referral, the investor may proceed submitting the claim to international arbitration.

3. In the event the investor submits his claim to international arbitration, the panel shall be constituted in accordance, mutatis mutandis, with paragraph 4 of Article 4.21 of the Free Trade Agreement.

4. Without prejudice to paragraphs 1 to 3, Article 16 shall apply.

Article 18. Disputes between Parties

Chapter 9 of the of the Free Trade Agreement shall apply, *mutatis mutandis*, between the Parties to this Agreement.

Article 19. Review

With a view to progressive liberalisation of investment, the Parties shall review the investment legal framework, the investment climate and the flow of investment between their territories consistent with their commitments in international investment agreements not later than three years after the date of entry into force of this Agreement and in regular intervals thereafter.

Article 20. Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between States where like conditions prevail, or a disguised restriction on investors and investments, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any Party of measures:

(a) necessary to protect public morals or to maintain public order;

(b) necessary to protect human, animal or plant life or health; or the environment; or

(c) necessary to secure compliance with laws and regulations which are not inconsistent with the provisions of this Agreement.

Article 21. Committee

1. A Committee of this Agreement (hereinafter referred to as "the Committee") is hereby established comprising representatives of each Party.

2. The Committee shall:

(a) supervise and review the implementation of this Agreement;

(b) endeavour to resolve disputes that may arise regarding the interpretation or application of this Agreement; and

(c) consider any other matter that may affect the operation of this Agreement.

3. The Committee shall act by consensus.

4. The Committee may decide to amend the Annexes to this Agreement. Subject to paragraph 5, it may set a date for the entry into force of such decisions.

5. If a representative of a Party in the Committee has accepted a decision subject to the fulfilment of constitutional requirements, the decision shall enter into force on the date that the last Party notifies that its internal requirements have been fulfilled, unless the decision itself specifies a later date. The Committee may decide that the decision shall enter into force for those Parties that have fulfilled their internal requirements, provided that Korea is one of those Parties. A Party may apply a decision of the Committee provisionally until such decision enters into force, subject to its constitutional requirements.

6. Except otherwise agreed by the Parties, the Committee shall meet in conjunction with the Joint Committee of the Free Trade Agreement. The Committee shall inform the Joint Committee of its activities.

7. The meetings of the Committee shall be chaired jointly by Korea and one of the EFTA Parties. The Committee shall establish its rules of procedure.

Article 22. Annexes

The Annexes to this Agreement shall form an integral part thereof.

Article 23. Amendments

1. Amendments to this Agreement other than those referred to in paragraph 4 of Article 21 shall, after approval by the Committee, be submitted to the Parties for ratification, acceptance or approval in accordance with each Party's constitutional requirements.

2. Unless the Parties agree otherwise, the amendments shall enter into force on the first day of the second month following the deposit of the last instrument of ratification, acceptance or approval.

3. The text of the amendments as well as the instruments of ratification, acceptance or approval shall be deposited with the Depositary.

Article 24. Accession

1. Any State which is a Party to the Free Trade Agreement may accede to this Agreement, after the approval by the Committee of its accession, on terms and conditions to be agreed between the acceding State and the existing Parties. The instrument of accession shall be deposited with the Depositary.

2. In relation to an acceding State, this Agreement shall enter into force on the first day of the second month following the deposit of its instrument of accession, or the approval of the terms of accession by the existing Parties, whichever is later.

Article 25. Entry Into Force

1. This Agreement is subject to ratification, acceptance or approval. The instruments of ratification, acceptance or approval shall be deposited with the Depositary.

2. This Agreement shall enter into force on the same date as the Free Trade Agreement in relation to those signatory States which by then have ratified both the Free Trade Agreement and this Agreement, provided that they have deposited their instruments of ratification, acceptance or approval with the Depositary, and that Korea is among them.

3. In relation to any EFTA Party depositing its instrument of ratification, acceptance or approval after this Agreement has entered into force, this Agreement shall enter into force on the same date as the Free Trade Agreement or, if the Free Trade Agreement has already entered into force between Korea and the EFTA Party concerned, on the first day of the second month following the deposit of its instrument.

4. If its constitutional requirements permit, any EFTA Party may apply this Agreement provisionally. Provisional application of this Agreement under this paragraph shall be notified to the Depositary.

Article 26. Withdrawal and Termination

1. Any Party may withdraw from this Agreement by means of a written notification to the Depositary. The withdrawal shall take effect six months after the date on which the notification is received by the Depositary.

2. If Korea withdraws, this Agreement shall expire on the date specified in paragraph 1.

3. In case a Party withdraws from the Free Trade Agreement, such withdrawal shall also extend to this Agreement in accordance with paragraph 1.

4. If the Free Trade Agreement is terminated, this Agreement shall terminate on the same date.

5. In respect of investments made prior to the date of any withdrawal from, or of the termination of, this Agreement, Articles 1 to 18, as well as Article 20, shall continue to be effective for a period of ten years from the date of withdrawal or termination.

Article 27. Relationship with the Swiss-korean Investment Agreement of 1971

As long as it is in force or remains effective, this Agreement replaces and suspends the "Agreement between the Government of the Swiss Confederation and the Government of the Republic of Korea concerning the Encouragement and Reciprocal Protection of Investments" of 7 April 1971.

Article 28. Depositary

The Government of Switzerland shall act as Depositary.

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

Done at Hong Kong, this 15th day of December 2005, in a single original in the English language, which shall be deposited with the Government of Switzerland. The Depositary shall transmit certified copies to all Signatory States.

For the Republic of Iceland

For the Republic of Korea

For the Principality of Liechtenstein

For the Swiss Confederation

ANNEX I. Referred to in article 12 reservations by korea

Sector:	All Sectors
Sub-sector:	
Legal source or authority of the measure:	Law No. 7281, Articles 4, 5, 6 and 7 of the Foreign Investment Promotion Act, Dec. 31, 2004; Presidential Decree No. 18736, Articles 6, 7 and 8 of its Enforcement Decree, Mar. 8, 2005;Ordinance of the Ministry of Commerce, Industry and Energy No. 269, Articles 2, 3, 4 and 5 of its Enforcement Regulations, Apr. 8, 2005
	A foreigner who intends to make a foreign direct investment shall, in advance, make report

Succinct description of the measure:	to the Minister of Commerce, Industry and Energy in accordance with the Ordinance of the Ministry of Commerce, Industry and Energy. The same shall apply to any modification of matters such as the amount of foreign direct investment and the ratio. Korea reserves the right to prohibit or restrict a foreign direct investment in the cases where it threatens the maintenance of national safety and public order, has harmful effects on public hygiene or the environmental preservation of the Republic of Korea or is against Korean morals and customs, or violates any relevant Act of the Republic of Korea. The term "foreign direct investment" shall refer to any of the following: (a) Where a foreigner purchases, under the conditions prescribed by the Presidential Decree, stocks or holdings of a Korean corporation (including a Korean corporation in the process of being established) or a company run by a national of the Republic of Korea, for the purpose of establishing a continuous relationship with and participating in the management of said Korean corporation or company;(b) Where a loan with the maturity of not less than five years is extended to a foreign-capital invested company by its overseas holding company or by a company in a relationship with said holding company of the capital investment prescribed by the Presidential Decree.
Purpose or motivation of the measure:	Statistical purposes and review for incentives. Maintenance of national security and public order
Sector	All Sectors
Sub-sector:	
Legal source or authority of the measure:	Not applicable
Succinct description of the measure:	With respect to the transfer or disposal of stocks or assets held in an existing state-owned or government entity in such industries as electricity and gas, Korea reserves the right to prohibit or restrict the ownership of such interests or assets. Korea also reserves the right to prohibit or limit the rights of foreign investors to control a company or investment created in such a process. For the purposes of this reservation: (a) any measure maintained or adopted after the date of entry into force of this Agreement which, at the time of the transfer or disposal, prohibits or restricts ownership of such interest or assets or imposes the nationality requirements set forth herein shall be considered to be a measure in force; and (b) a "state-owned company" shall mean any company owned or controlled by Korea by means of an interest share in the ownership thereof, and shall include any company created after the effective date of this Agreement for the sole purpose of selling or disposing its interest share in the capital or assets of an existing state or government entity.
Purpose or motivation of the measure:	National security and protection of public interest
Sector:	All Sectors
Sub-sector:	

Legal source or authority of the measure:	Law No, 7297, Articles 4, 5 and 6 of the Foreigner's Land Acquisition Act, Dec. 31, 2004
Succinct description of the measure:	The Republic of Korea reserves the right to maintain or adopt any measures with respect to land acquisition by foreigners. Present measures, *inter alia*, are as follows: a) When a foreign national, foreign legal entity, foreign government or an international organization (hereinafter referred to as a "foreigner') has signed a contract for acquisition of land within the territory of the Republic of Korea, a report of the acquisition must be made to the head of the si/gun/gu [city/county/district(within a city)] within 60 days from the conclusion of the contract. Penalties are assessed in cases of violations. b) In cases of land designated for national defense, cultural protection and ecosystem/wildlife protection, among others, permission from the head of the si/gun/gu is required prior to the conclusion of the contract for land acquisition. Contracts concluded without such permission are invalid and punishable. c) Any land acquired by a foreigner by means of inheritance, auction, or any cause other than contracts shall also be reported to the head of si/gun/gu within 6 months of the acquisition. Violations are assessed with penalty fees. d) When a national, a juridical person or an organization of the Republic of Korea with ownership of land changes nationality and wishes to maintain ownership of the land, a report must be made to the head of si/gun/gu within 6 months from the change of nationality.
Purpose or motivation of the measure:	This measure is designed for achieving efficient land use and analyzing land acquisition by foreigners.
Sector	All sectors
Sub-sector:	Capital Transactions of Non-Residents
Legal source or authority of the measure:	Law No. 6316, Foreign Exchange Transaction Act, Dec. 29, 2000
Succinct description of the measure:	A non-resident is subject to authorization from the Minister of Finance and Economy or the Governor of the Bank of Korea in the following cases: (a) when receiving won-denominated loans or borrowing won denominated securities from a resident, which exceeds a certain amount (1 billion won for won-denominated loans and 5 billion won for won-denominated securities) pursuant to the Foreign Exchange Transaction Act; and (b) when issuing won-denominated securities with short-term maturities. Residents are subject to authorization from the Minister of Finance and Economy or the Governor of the Bank of Korea in cases when non-residents grant short-term financial credit to a financially unsound domestic enterprise designated in the Foreign Exchange Transaction Act, or grant financial credits to domestic individuals or non-profit institutions, which are guaranteed by or are based on collaterals from other residents. Authorization is required from the Governor of the Bank of Korea in case a non-resident receives foreign currency denominated financial credits, guarantees or collaterals from residents as set out in the Foreign Exchange Transaction Act. Authorization is required from the Governor of the Bank of Korea for a non-resident to make a certain transaction by means of derivatives that is not permitted under the Foreign Exchange Transaction Act.

Purpose or motivation of the measure:	National security and financial stability

Sector:	All Sectors
Sub-sector:	
Legal source or authority of the measure:	Not applicable
Succint description of the measure:	The Republic of Korea reserves the right to maintain or adopt any measure with respect to such activities as the purchase of non-voting stocks in services sectors.
Purpose or motivation of the measure:	Protection of public interest, cultural diversity and identity, and national security

Sector:	Agriculture, Forestry, Livestock and related Manufacturing
Sub-sector:	
Legal source or authority of the measure:	Law No. 7281, Article 4 of the Foreign Investment Promotion Act, Dec. 31, 2004; Presidential Decree No. 18736, Article 5 of its Enforcement Decree, Mar. 8, 2005; Law No. 6821, Article 27 of the Livestock Industry Act, Dec. 26, 2002; Law No. 7311, Articles 17, 43 and 47 of the Act on Distribution and Price Stabilization of Agricultural and Fishery Products, Dec. 31, 2004; Law No. 7433, Grain Management Act, Mar. 31, 2005; Law No. 7167, Articles 5 and 90 of the Forestry Act, Feb. 9, 2004; Law No. 7335, Articles 25 and 32 of the Forestry Management Act, Jan. 14, 2005
Succinct description of the measure:	Only Korean citizens and Korean legal entities are allowed to own and manage enterprises engaged in rice or barley cultivation and farming of beef cattle in the Republic of Korea. Foreign nationals or foreign legal entities are permitted to hold the shares or stocks of legal entities engaged in the above mentioned fields up to the ceiling set under the relevant laws. In addition to these measures, the Republic of Korea reserves the right to maintain or adopt any measure necessary for food security, public health and conservation of environment and resource in the fields of agriculture, forestry, livestock and related manufacturing (excluding metal and machinery).
Purpose or motivation of the measure:	Food security, public health and conservation of environment and resources

Sector:	Air Transport Service
Sub-Sector:	CPC 731, 732 Air Transport Services. Includes glider towing, parachute jumping, aerial construction, heli-logging, aerial sightseeing, etc. CPC 734 Rental Services of aircraft with operator

Legal source or authority of the measure:	Law No. 7428, Articles 3, 6, 112, 113, 114 and 132 of the Aviation Act, Mar. 31, 2005; Ordinance of the Ministry of Construction and Transportation No. 430, Articles 278, 278.2, 298 and 299 of its Enforcement Regulation, Mar. 11, 2005
Succinct description of the measure:	Any person who falls under the categories stipulated in subparagraphs of Article 6 of the Aviation Act (and listed below) may not provide domestic services, nor international services (scheduled/non-scheduled): 1. A person who is not a citizen of the Republic of Korea; 2. a foreign government or foreign public organization; 3. a foreign corporation or organization; 4. a corporation in which any of those referred to in 1 through 3 above either owns 50% or more of the stocks or shares, or wields de-facto control; and 5. a corporation whose representative is a foreigner, or half or more of whose officers (executives) are foreigners. In addition, persons who own an aircraft or are authorized to operate a chartered aircraft must register the aircraft with the Minister of Construction and Transportation. Registration of aircraft is not permitted to persons falling under 1 through 5 above.
Purpose or motivation of the measure:	Measures affecting trade in services included in the above sector, which is not covered by Chapter 3 (Trade in Services) of the Free Trade Agreement
Sector:	Air Transport Service
Sub-sector:	Aircraft Use Business. CPC 734* Rental Services of aircraft with operator [* Includes aerial fire-fighting, forestry fire management, aerial advertising, flight training, aerial map production, aerial investigation, aerial spraying, aerial photographing and other aerial agricultural activities, aerial inspections and observations, etc.]
Legal source or authority of the measure:	Law No. 7428, Articles 3, 6 and 134 of the Aviation Act, Mar. 31, 2005; Ordinance of the Ministry of Construction and Transportation No. 430, Articles 298 and 299.2 of its Enforcement Regulation, Mar. 11, 2005
Succinct description of the measure:	A person who intends to operate an aircraft-use business (businesses that use aircraft at other's request to conduct businesses other than transport of passengers or cargo for fee) must register the self-owned or chartered aircraft with the Minister of Construction and Transportation. In this case, registration of aircraft is not permitted to persons falling under any one of the following categories: 1. A person who is not a citizen of the Republic of Korea; 2. a foreign government or foreign public organization; 3. a foreign corporation or organization; 4. a corporation in which any of those referred to in 1 through 3 above either owns 50% or more of the stocks or shares, or wields de-facto control; and 5. a corporation whose representative is a foreigner, or half or more of whose officers are foreigners.
Purpose or motivation of the measure:	Measures affecting trade in services included in the above sector, which is not covered by Chapter 3 (Trade in Services) of the Free Trade Agreement
Sector:	Defense Industry
Sub-sector:	

Legal source or authority of the measure:	Law No. 7281, Article 6 of the Foreign Investment Promotion Act, Dec. 31, 2004
Succinct description of the measure:	The Republic of Korea reserves the right to maintain or adopt any measure with respect to investments in the defense industry. Foreign investors who intend to acquire the outstanding shares (stipulated in Article 2 of the Foreign Investment Promotion Act) of defense industry (the enterprise stipulated in Article 2 of the Act on Special Measures for Defense Industry) other than the newly issued ones shall obtain a prior permission from the Minister of Commerce, Industry and Energy.
Purpose or motivation of the measure:	The defense industry is a special industry which provides and develops weapons related to national security. Especially since Korea is facing a very high security threat, Korea intends to reserve the level of investment necessary for national security.
Sector:	Electric Energy
Sub-sector:	Electric Power Generation other than Nuclear Power Generation Electric Power Transmission and Distribution
Legal source or authority of the measure:	Law No. 7428, Article 203 of the Securities and Exchange Act, Mar. 31, 2005; Presidential Decree No. 18757, Article 87.2 of its Enforcement Decree, Mar. 28, 2005; Law No. 7281, Article 4 of the Foreign Investment Promotion Act, Dec. 31, 2004; Presidential Decree No. 18736, Article 5 of its Enforcement Decree, Mar. 8, 2005; Regulations No. 2004-51, Article 5 of the Regulations on Foreign Investment and Technology Inducement, Nov. 26, 2002
Succinct description of the measure:	The Republic of Korea reserves the right to maintain or adopt any measure with respect to privatization of the electric power industry including generation, transmission, distribution and sales. Foreign investors are prohibited from holding more than 40 per cent of shares or stocks of Korea Electric Power Corporation (hereinafter “KEPCO”) or be the largest shareholder of KEPCO. Foreign investment in power transmission, distribution and sales business is permitted only when the investment ratio is less than 50%. The largest shareholder of the company must be a Korean citizen.
Purpose or motivation of the measure:	Consistency with the privatization plan of the electric power industry and protection of public interest

Sector:	Financial Services
Sub-sector:	Korea Development Bank and Export-Import Bank of Korea
Legal source or authority of the measure:	Law No. 6679, Article 4 of the Korea Development Bank Act, Mar. 30, 2002; Law No. 7527, Article 4 of the Korea EXIM Bank Act, May 31, 2005
Succinct description of the measure:	Foreigners are not allowed to invest in both Korea Development Bank and Korea EXIM Bank.

Purpose or motivation of the measure:	Korea Development Bank and Korea EXIM Bank are financial institutions for the implementation of national industrial policies aids

Sector:	Financial Services
Sub-sector:	Investments in financial products and capital transactions through new financial services etc.
Legal source or authority of the measure:	Not applicable
Succinct description of the measure:	The Republic of Korea reserves the right to maintain or adopt necessary measures on investments in financial products and capital transactions through new financial services etc. for the purpose of stabilizing the financial system.
Purpose or motivation of the measure:	Financial system stability

Sector:	Firearms, Swords, Explosives
Sub-sector:	
Legal source	Law No. 7428, Articles 4, 6, 9, 11, 12, 17, 18, 21, 24, 25, 26, 28, or authority 41, 42, and 47 of the Control of Firearms, Swords, Explosives, etc. Act, Mar. 31, 2005
Succinct description of the measure:	The Republic of Korea reserves the right to maintain or adopt any measure affecting the firearms, swords, explosives, etc. sector. The manufacture, use, sale, storage, transport, importation, exportation and possession of firearms, swords, explosives, etc, are regulated for protection of security interests and maintenance of public order.
Purpose or motivation of the measure:	Protection of security interests and maintenance of public order

Sector:	Fishing Industry
Sub-sector:	
Legal source or authority of the measure:	Law No. 5809, Articles 4, 5, 6 and 8 of the Law of the Exercise of Jurisdictional Rights over Fishing by Foreigners in the EEZ, etc., Feb, 5, 1999; Law No. 7477, Article 5 of the Fisheries Act, Mar. 31, 2005
Succinct	The Republic of Korea reserves the right to control fisheries- related activities by a foreign individual or corporation in the waters under its jurisdiction. Should a foreign individual or corporation invest in a corporation set up under the legislation of the Republic of Korea or

description of the measure:	in a Korean national in an attempt to run a fisheries-related business, the head of the local government concerned (governor, mayor of a metropolitan city or gun [county], executive officer of a gu [district]) should have prior consultations with the Minister of Maritime Affairs & Fisheries.
Purpose or motivation of the measure:	With weak competitiveness, the fishery industry of the Republic of Korea needs restrictions to access to the domestic market by foreign entities in order to ensure its minimum competitiveness.
Sector:	Gas Industry
Sub-sector:	
Legal source or authority of the measure:	Law No. 6836, Article 19 of the Act on Improvement of Management Structure and Privatization of Public Corporation, Dec. 30, 2002, Article 11 of the Articles of Incorporation of Korea Gas Corporation, Mar. 30, 2000
Succinct description of the measure:	The Republic of Korea reserves the right to maintain or adopt any measure with respect to the gas industry. In the gas sector, Korea Gas Corporation (KOGAS) performs public functions like import and wholesale of natural gas and operation of the national trunk line. Foreigners' holdings of KOGAS stocks are limited according to law.
Purpose or motivation of the measure:	The need for national energy security
Sector:	Nuclear Industry
Sub-sector:	Nuclear Power Generation Manufacturing and Supply of Nuclear Fuel Radioactive Waste Disposal
Legal source or authority of the measure:	Law No. 7508, Article 12 of the Electricity Business Act, May 26, 2005; Law No. 7281, Article 4 of the Foreign Investment Promotion Act, Dec. 31, 2004; Presidential Decree No. 18736, Article 5 of its Enforcement Decree, Mar. 8, 2005; Regulations No. 2004-51, Article 5 of the Regulations on Foreign Investment and Technology Inducement, Nov. 26, 2002 Law No. 7428, Articles 11, 21, 33, 34, 43, 57, 64, 76, 86 and 90.4 of the Atomic Energy Act, Mar. 31, 2005
Succinct description of the measure:	The Republic of Korea reserves the right to maintain or adopt any measure with respect to the nuclear industry. Foreign investors are prohibited from operating a nuclear power generation business — i.e. manufacturing and supply of nuclear fuel for nuclear power plants, business related to the operation of nuclear plants, and radio active waste management. Foreigners are prohibited from investing in nuclear power generation.
Purpose or motivation of the measure:	The special treatment of the nuclear industry which is connected directly with national security

ANNEX II. Referred to in article 12 reservations by iceland

Sector:	All sectors
Sub-sector:	
Legal source or authority of the measure:	Law No. 138/1994 Respecting Private Limited Companies, Law No. 2/1995 Respecting Public Limited Companies, Law No. 34/1991 on Investment by Non-Residents in Business Enterprises
Succinct description of the measure:	The majority of the founders of a private limited company or a public limited company must be resident in Iceland or another EEA (1) Member State. The Minister of Commerce can grant exemptions from these restrictions. The manager/-s and at least half the board of directors of a private limited company or a public limited company must be resident in Iceland or another EEA Member State. The Minister of Commerce can grant exemptions from these restrictions.
Purpose or motivation of the measure:	To secure that the legal venue of the majority of the board of directors and managers is within Icelandic jurisdiction

(1) European Economic Area

Sector:	All sectors
Sub-sector:	
Legal source or authority of the measure:	Law No. 19/1966 on the Right to Own and Use Real Estate, Law No. 34/1991 on Investment by Non-Residents in Business Enterprises
Succinct description of the measure:	Only Icelandic citizens and Icelandic legal entities and citizens and legal entities from another EEA Member State are allowed to own real estate in Iceland unless the ownership and use is linked to an investment in real estate pertaining to the business activity of the investor. The same applies to the hiring of a real estate if the duration of the lease lasts for more than 3 years. These restriction do not apply to a non-EEA citizen who has been residing in Iceland for at least five years. The Minister of Justice can grant exemptions from these restrictions.
Purpose or motivation of the measure:	Fluctuations in real estate prices due to possible excess foreign demand can adversely affect the domestic market for housing and summer houses (secondary homes)
Sector:	Fisheries

Sub-sector:	Fishing, whaling
Legal source or authority of the measure:	Law No. 22/1998 on the Fishing and Fish processing of Foreign Vessels in Iceland's Economic Zone, Law No. 34/1991 on Investment by Non-Residents in Business Enterprises, Law No. 26/1949 on Whaling
Succinct description of the measure:	Only Icelandic citizens and Icelandic legal entities under Icelandic control are allowed to fish in the Icelandic economic zone. The same applies to whaling
Purpose or motivation of the measure:	The relative economic importance of the fishing industry for Iceland, with fish and fish products constituting around half of the country's foreign earnings, as well as Iceland's determination to maintain a sustainable yield from its fishing stocks. The control and surveillance regarding the preservation of Icelandic fish stocks needs to be under Icelandic jurisdiction.
Sector:	Fisheries
Sub-sector:	Fish Processing
Legal source or authority of the measure:	Law No. 34/1991 on Investment by Non-Residents in Business Enterprises
Succinct description of the measure:	Only Icelandic citizens and Icelandic legal entities are allowed to own and manage enterprises engaged in fish processing in Iceland. Fish processing in this context is freezing, salting, drying and any other process used to initially preserve fish and fish products, including melting and meal processing. This reservation does not apply to secondary fish processing
Purpose or motivation of the measure:	The reservation on fish processing is an integral part of retaining control in the field of fishing and whaling. The relative economic importance of the fishing industry for Iceland, with fish and fish products constituting around half of the country's foreign earnings, as well as Iceland's determination to maintain a sustained yield from its fishing stocks. The control and surveillance regarding the preservation of Icelandic fish stocks needs to be under Icelandic jurisdiction.
Sector:	Fisheries
Subsector:	Fish Auctioning
Legal source or authority of the measure:	Law No. 123/1989 on the Auctioning of Fish

Succinct description of the measure:	Only Icelandic citizens and Icelandic legal entities are allowed to own and manage enterprises engaged in fish auctioning in Iceland
Purpose or motivation of the measure:	The reservation on fish auctioning is an integral part of retaining control in the field of fishing and whaling. The relative economic importance of the fishing industry for Iceland, with fish and fish products constituting around half of the country's foreign earings, as well as Iceland's determination to maintain a sustained yield from its fishing stocks. The control and surveillance regarding the preservation of Icelandic fish stocks needs to be under Icelandic jurisdiction.

Sector:	Aviation
Sub-sector:	Air transport
Legal source or authority of the measure:	Law No. 34/1991 on Investment by Non-Residents in Business Enterprises
Succinct description of the measure:	Only Icelandic citizens and legal entities, and citizens and legal entities from another EEA Member State can own more than 49% of the shares of an enterprise engaged in air transport.
Purpose or Motivation of the Measure:	The need for extensive services in a small home market call for specific regulations and home country control.

Sector:	Energy
Sub-sector:	Energy production and distribution
Legal source or authority of the measure:	Law No. 34/1991 on Investment by Non-Residents in Business Enterprises
Succinct description of the measure:	Only Icelandic citizens and legal entities, and citizens and legal entities from another EEA Member State can own the right to harness hydroelectric and geothermal power other than for own personal home use. The same applies to investment in enterprises engaged in power production and power distribution.
Purpose or Motivation of the Measure:	Apart from the fish stock, hydroelectric power and geothermal power are Iceland's most important natural resources. Their utilisation need to be centrally administered through licensing and co-generation agreements. The power production and power distribution are public utilities which to a large degree operate as public monopolies

ANNEX III. Referred to in article 12 reservations by liechtenstein

Sector:	All sectors
Sub-	

sector:	
Legal source or authority of the measure:	Gewerbegesetz (Act on Commercial Law) of 10 December 1969, LR (Systematic Collection of Liechtenstein Law) 930.1, and relevant laws as mentioned in Article 2, paragraph | of that Act, as well as relevant Parliament or Government decisions.
Succinct description of the measure:	The establishment of a commercial presence by a juridical person (including branches) is subject to the requirement that no objection for reasons of national economy is made (balanced proportion of national and foreign capital; balanced ratio of foreigners in comparison with the number of resident population; balanced ratio of total number of jobs in the economy in comparison with the number of the resident population; balanced geographic situation; balanced development of the national economy, between and within the sectors).
Purpose or motivation of the measure:	To ensure a balanced development of the national economy taking into account the specific geographic situation of the country, its limited resources and the small labour market.
Sector:	All sectors
Sub-sector:	
Legal source or authority of the measure:	Gewerbegesetz (Commercial Law Act) of 10 December 1969, LR 930.1; Personen- und Gesellschaftsrecht (Company Law) of 20 January 1926, LR 216.0
Succinct description of the measure:	The establishment of a commercial presence by an individual is subject to the requirement of prior residence during a certain period of time and of permanent domicile in Liechtenstein. The establishment of a commercial presence by a juridical person (including branches) is subject to the following requirements: At least one of the managers has to fulfil the requirements of prior residence during a certain period of time and of permanent domicile in Liechtenstein. The majority of the administrators (authorized to manage and represent the juridical person) must be residents in Liechtenstein and have either to be Liechtenstein citizens or have prior residence during a certain period of time in Liechtenstein. The general and the limited partnership have to fulfil the same conditions as corporations with limited liability (juridical person). In addition the majority of the associates have to be Liechtenstein citizens or to have prior residence during a certain period of time in Liechtenstein. The Liechtenstein company law does not prohibit joint stock companies from foreseeing in their articles of incorporation the preclusion or limitation of the transfer of registered shares.
Purpose or motivation of the measure:	To facilitate judicial proceedings
Sector:	All sectors

Subsector:	
Legal source or authority of the measure:	Agreement on the European Economic Area of 2 May 1992 (EEA Agreement)
Succinct description of the measure:	Treatment accorded to subsidiaries of third-country companies formed in accordance with the law of an EEA Member State and having registered office, central administration or principal place of business within an EEA Member State is not extended to branches or agencies established in an EEA Member State by a third-country company. Treatment less favorable may be accorded to subsidiaries of third countries having only their registered office in the territory of an EEA Member State unless they show that they possess an effective and continuous link with the economy of one of the EEA Member States.
Purpose or motivation of the measure:	To ensure that benefits from the EEA Agreement are not automatically accorded to third countries
Sector:	All sectors
Subsector:	
Legal source or authority of the measure:	Grundverkehrsgesetz (Law on the acquisition of real estate) of 9 December 1992, LR 214.11
Succinct description of the measure:	All acquisitions of real estate are subject to authorization. Such authorization is granted only if an actual and proven requirement for living or business purposes is given and a certain period of residence has been completed. Non-residents are excluded from the acquisition of real estate.
Purpose or motivation of the measure:	Extreme scarcity of available land. Preservation of access to real estate for the resident population and maintenance of a balanced geographic situation

Sector:	Power and Energy sector
Sub-sector:	
Legal source or authority of the measure:	Not Applicable
Succinct description of the measure:	Liechtenstein reserves the right to maintain or adopt any measure with respect to investments in the power and energy sector.

Purpose or motivation of the measure:	Energy policy considerations and national security

Sector:	Air Transport
Sub-sector:	Air Registration
Legal source or authority of the measure:	Aviation Act of 15 Mai 2002, LR 748.0 and Agreement between Liechtenstein and Switzerland on civil aviation of 27 January 2003, LR 0.748.091.11
Succinct description of the measure:	Aircraft may not be registered in Liechtenstein unless they are wholly owned by Liechtenstein citizens or by foreign nationals who reside in Liechtenstein and use the aircraft mainly for travel originating in Liechtenstein or Switzerland, or by companies based and registered in Liechtenstein.
Purpose or motivation of the measure:	To ensure an effective tie between aircraft and their owners
Sector:	Air Transport
Sub-sector:	Holdings in Liechtenstein air transport companies
Legal source or authority of the measure:	Aviation Act of 15 Mai 2002, LR 748.0 and Agreement between Liechtenstein and Switzerland concerning civil aviation of 27 January 2003, LR 0.748.091.11
Succinct description of the measure:	Access of foreign firms to commercial transport of persons and goods is governed by international agreements. In the absence of such an agreement, foreign firms may be granted concessions to operate certain commercial transport routes. To obtain such a concession, a foreign enterprise must, inter alia, have a legal residence in Liechtenstein. A foreign holding in a Liechtenstein air transport company may normally not exceed 40 per cent of the latter's share capital.
Purpose or motivation of the measure:	Air transport policy

Sector:	Air Transport
Sub-sector:	Assistance Services
Legal source or authority of the	Aviation Act of 15 Mai 2002, LR (Systematic Collection of Liechtenstein Law) 748.0

measure:	
Succinct description of the measure:	Liechtenstein applies European Union Directive 96/67. Airport authorities may limit the number of providers for certain services by permanent limitations or temporary measures. Article 20 of the Directive contains a reciprocity clause
Purpose or motivation of the measure:	Limited space for airport infrastructure. (note: to date Liechtenstein has no airport infrastructure)

ANNEX IV. Referred to in article 12 reservations by switzerland

Sector:	All sectors
Sub-sector:	
Legal source or authority of the measure:	Federal Act of 30 March 1911 (Code of Obligations) supple- menting the Swiss Civil Code (Systematic Collection of Federal Laws and Regulations [RS], No, 220)
Succinct description of the measure:	- The vast majority of companies in Switzerland are organized as corporations (Société anonyme [SA] — Aktiengesellschaft {AG/), featuring a predetermined capital and shareholders' liability limited to the nominal capital invested. Of the members of the board of directors of a Swiss corporation, the majority must be Swiss citizens residing in Switzerland. Exceptions are possible in the case of holding companies. - Limited liability companies (Société a responsabilité limitée [Sarl] - Gesellschaft mit beschrankter Haftung [GmbH]) are characterized by a limited capital divided into quotas. In a limited liability company, at least one managing officer must be residing in Switzerland. - A foreign company may also establish one or several branch offices in Switzerland. At least one representative of a branch office must be residing in Switzerland.
Purpose or motivation of the measure:	To facilitate judicial proceedings
Sector:	All sectors
Sub-sector:	
Legal source or authority of the measure:	Federal Act of 16 December 1983 on the Acquisition of Real Estate by Persons Abroad (RS 211.412.41)
Succinct description of the	Foreign nationals not residing in Switzerland and companies established, or controlled from, abroad are not allowed to invest in the residential property market (except for residential property directly linked to a business presence) and in agricultural real estate.

measure:	For the acquisition of vacation homes, a cantonal permit is required.
Purpose or motivation of the measure:	Scarcity of available land

Sector:	Energy
Sub-sector:	Oil Prospection and Exploitation
Legal source or authority of the measure:	Concordat of 24 September 1955 on Oil Prospecting and Exploitation (RS 931.1)
Succinct description of the measure:	The inter-cantonal agreement (among 10 cantons) stipulates that oil concessions may be granted only to companies that are at least 75 percent Swiss-owned. Other cantons apply similar restrictions.
Purpose or motivation of the measure:	Energy policy considerations and national security

Sector:	Energy
Sub-sector:	Nuclear energy
Legal source or authority of the measure:	Federal Act of 23 December 1959 on the Peaceful Uses of Atomic Energy (RS 732.0); Federal Decree of 8 October 1978 relative to the Atomic Energy Act (RS 732.01)
Succinct description of the measure:	Authorization to construct and operate nuclear facilities is granted only to Swiss citizens domiciled in Switzerland and legal persons that are subject to Swiss law, headquartered in Switzer- land and Swiss-owned.
Purpose or motivation of the measure:	Energy policy considerations and national security

Sector:	Energy
Sub-sector:	Hydroelectric power
Legal source or authority of the measure:	Federal Act of 22 December 1916 on the Uses of Hydroelectric Power (RS 721.80)
Succinct description of the measure:	When granting concessions, cantons take public interest considerations into account (they may in particular require the concession-holder to have its registered office in the relevant canton).
Purpose or	

motivation of the measure:	Energy policy considerations and national security

Sector:	Energy
Sub-sector:	Pipelines
Legal source or authority of the measure:	Federal Act of 4 October 1963 on Pipelines for Liquid or Gaseous Fuels (RS 746.1)
Succinct description of the measure:	For foreign-owned or controlled companies a registered office and management presence in Switzerland is required.
Purpose or motivation of the measure:	Energy policy considerations and national security

Sector:	Air Transport
Sub-sector:	Aircraft Registration
Legal source or authority of the measure:	Federal Aviation Act of 21 December 1948 (RS 748.0)
Succinct description of the measure:	Aircraft may not be registered in Switzerland unless they are wholly owned by Swiss citizens or by foreign nationals who reside in Switzerland and use the aircraft mainly for travel originating in Switzerland, or by companies based and registered in Switzerland.
Purpose or motivation of the measure:	To ensure an effective tie between aircraft and their owners

Sector:	Air Transport
Sub-sector:	Holdings in Swiss air transport companies
Legal source or authority of the measure:	Federal Aviation Act of 21 December 1948 (RS 748.0)
Succinct description of the measure:	Access of foreign firms to commercial transport of persons and goods is governed by international agreements. In the absence of such an agreement, foreign firms may be granted concessions to operate certain commercial transport routes. To obtain such a concession, a foreign enterprise must, inter alia, have a legal residence in Switzerland. A foreign holding in a Swiss air transport company may normally not exceed 40 per cent of the latter's share capital.

Purpose or motivation of the measure:	Air transport policy

Sector:	Air Transport
Sub-sector:	Assistance Services
Legal source or authority of the measure:	Airport Regulations
Succinct description of the measure:	Switzerland applies European Union Directive 96/67. Airport authorities may limit the number of providers for certain services by permanent limitations or temporary measures. Article 20 of the Directive contains a reciprocity clause.
Purpose or motivation of the measure:	Limited space for airport infrastructure.

ANNEX V. Referred to in article 12 reservations by the efta parties

Sector:	All sectors
Sub-sector:	
Legal source or authority of the measure:	Not applicable
Succinct description of the measure:	Collective copyright or neighbouring rights' management systems; royalties, levies, grants and funds, designed to preserve and promote linguistic and cultural diversity.
Purpose or motivation of the measure:	