

Annex 7*
Schedules of Specific Commitments

Section 1: Schedule of China

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE	(3) In China, foreign invested enterprises include foreign capital enterprises (also referred to as wholly foreign-owned enterprises) and joint venture enterprises and there are two types of joint venture enterprises: equity joint ventures and contractual joint ventures. ¹ The proportion of foreign investment in an equity joint	(3) Unbound for all the existing subsidies to domestic services suppliers in the sectors of audio-visual, aviation and medical services. Unbound for all subsidies to domestic services suppliers in the new commitments beyond China's current WTO commitments in sectors listed in China-Costa Rica FTA Services Schedule.	

*This is an Annex to Chapter 9 (Investment, Trade in Services and Temporary Entry of Business Persons).

¹ The terms of the contract, concluded in accordance with China's laws, regulations and other measures, establishing a "contractual joint venture" govern matters such as the manner of operation and management of the joint venture as well as the investment or other contributions of the joint venture parties. Equity participation by all parties to the contractual joint venture is not required, but is determined pursuant to the joint venture contract. "Foreign invested enterprise" in this schedule means a foreign invested enterprise duly constituted or otherwise organized under "Law on Chinese-Foreign Equity Joint Ventures", "Law on Chinese-Foreign Contractual Joint Ventures" and "Law on Foreign-Capital Enterprises".

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>venture shall be no less than 25 per cent of the registered capital of the joint venture.</p> <p>The establishment of branches by foreign enterprises is unbound, unless otherwise indicated in specific sub-sectors, as the laws and regulations on branches of foreign enterprises are under formulation.</p> <p>Representative offices of foreign enterprises are permitted to be established in China, but they shall not engage in any profit-making activities except for the representative offices under CPC 861, 862, 863, 865 in the sectoral specific commitments.</p> <p>The land in the People's Republic of China is State-owned. Use of land by enterprises and individuals is subject to the following maximum term limitations:</p>	<p>Unbound for all the subsidies to domestic services suppliers in any new sector and sub-sector scheduled in the future services negotiations after signing China-Costa Rica FTA.</p>	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>(a) 70 years for residential purposes;</p> <p>(b) 50 years for industrial purposes;</p> <p>(c) 50 years for the purpose of education, science, culture, public health and physical education;</p> <p>(d) 40 years for commercial, tourist and recreational purposes;</p> <p>(e) 50 years for comprehensive utilization or other purposes.</p> <p>(4) Unbound except for measures concerning the entry and temporary stay of natural persons who fall into one of the following categories:</p> <p>(a) Managers, executives and specialists defined as senior employees of a corporation of Costa Rica that has established a representative office, branch or subsidiary in the territory of the People's</p>	<p>(4) Unbound except for the measures concerning the entry and temporary stay of natural persons who fall into the categories referred to in the market access column.</p>	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>Republic of China, temporarily moving as intra-corporate transferees, shall be permitted entry for an initial stay of three years;</p> <p>(b) Managers, executives and specialists defined as senior employees of a corporation of Costa Rica, being engaged in the foreign invested enterprises in the territory of the People's Republic of China for conducting business, shall be granted a long-term stay permit as stipulated in the terms of contracts concerned or an initial stay of three years, whichever is shorter;</p> <p>(c) Service salespersons – persons not based in the territory of the People's Republic of China and receiving no remuneration from a source located within China, and who are engaged in activities related to representing a service supplier for the purpose of negotiation for the sale of services of that</p>		

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>supplier where:</p> <p>i. such sales are not directly made to the general public and</p> <p>ii. the salesperson is not engaged in supplying the service: entry for salespersons is limited to a 90-day period.</p>		
II. SPECIFIC COMMITMENTS			
<u>1. BUSINESS SERVICES:</u>			
A. Professional services			
(a) Legal services (CPC 861, excluding Chinese law practice)	<p>(1) None.</p> <p>(2) None.</p> <p>(3) Foreign law firms can provide legal services only in the form of representative offices.</p> <p>Representative offices can engage in profit-making activities.</p> <p>Business scope of foreign representative offices is only as follows:</p>	<p>(1) None.</p> <p>(2) None.</p> <p>(3) All representatives shall be resident in China no less than six months each year. The representative office shall not employ Chinese national registered lawyers.</p>	

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>(a) to provide clients with consultancy on the legislation of the country/region where the lawyers of the law firm are permitted to engage in lawyer's professional work, and on international conventions and practices;</p> <p>(b) to handle, when entrusted by clients or Chinese law firms, legal affairs of the country/region where the lawyers of the law firm are permitted to engage in lawyer's professional work;</p> <p>(c) to entrust, on behalf of foreign clients, Chinese law firms to deal with the Chinese legal affairs;</p> <p>(d) to enter into contracts to maintain long-term entrustment relations with Chinese law firms for legal affairs;</p> <p>(e) to provide information on the impact of the Chinese legal environment.</p> <p>Entrustment allows the foreign</p>		

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>representative office to directly instruct lawyers in the entrusted Chinese law firm, as agreed between both parties.</p> <p>The representatives of a foreign law firm shall be practitioner lawyers who are members of the bar or law society in Costa Rica and have practiced for no less than two years outside of China. The Chief representative shall be a partner or equivalent (e.g., member of a law firm of a limited liability corporation) of a law firm of Costa Rica and have practiced for no less than three years outside of China.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(4) Unbound except as indicated in horizontal commitments.</p>	
(b) Accounting, auditing and bookkeeping services (CPC 862)	<p>(1) None. (2) None. (3) Partnerships or incorporated accounting firms are limited to Certified Public</p>	<p>(1) None. (2) None. (3) None.</p>	<p>- Foreign accounting firms are permitted to affiliate with Chinese firms and enter into contractual agreements with their affiliated firms in other</p>

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	Accountants (CPAs) licensed by the Chinese authorities. (4) Unbound except as indicated in horizontal commitments.	(4) Unbound except as indicated in horizontal commitments.	WTO Members. - Issuance of licenses to those foreigners who have passed the Chinese national CPA examination shall be accorded national treatment. - Applicants will be informed of results in writing no later than 30 days after submission of their applications. - Accounting firms providing services in CPC 862 can engage in taxation and management consulting services. They will not be subject to requirements on form of establishment in CPC 865 and 8630.
(c) Taxation services (CPC 8630)*	(1) None. (2) None. (3) Only in the form of joint ventures, with foreign majority ownership permitted. None, within six years of China's accession to the WTO,	(1) None. (2) None. (3) None.	

* As per China's commitments to WTO.

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	foreign firms will be permitted to establish wholly foreign-owned subsidiaries. (4) Unbound except as indicated in horizontal commitments.	(4) Unbound except as indicated in horizontal commitments.	
(d) Architectural services (CPC 8671) (e) Engineering services (CPC 8672) (f) Integrated engineering services (CPC 8673) (g) Urban planning services (except general urban planning) (CPC 8674)	(1) None for scheme design. Co-operation with Chinese professional organisations is required except scheme design. (2) None. (3) Wholly foreign-owned enterprises are permitted. (4) Unbound, except as indicated in horizontal commitments.	(1) None. (2) None. (3) Foreign service suppliers shall be registered architects/engineers, or enterprises engaged in architectural/engineering/urban planning services, in Costa Rica. (4) Unbound, except as indicated in horizontal commitments.	
(h) Medical and dental services (CPC 9312)	(1) None. (2) None. (3) Foreign service suppliers	(1) None. (2) None. (3) The majority of doctors	

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>are permitted to establish joint venture hospitals or clinics with Chinese partners with quantitative limitations in line with China's needs, with foreign majority ownership permitted.</p> <p>(4) Unbound, except as indicated in horizontal commitments and as follows:</p> <p>Foreign doctors with professional certificates issued by Costa Rica shall be permitted to provide short-term medical services in China after they obtain licenses from the Ministry of Public Health. The term of service is six months and may extend to one year.</p>	<p>and medical personnel of the joint venture hospital and clinics shall be of Chinese nationality.</p> <p>(4) Unbound, except as indicated in horizontal commitments.</p>	
<p>B. Computer and related services (Computer and related services do not cover the economic activity consisting of the provision of content services which require computer and related services as means of supply)</p>			
(a) Consultancy services related to the installation of computer hardware (CPC 841)	(1) None. (2) None. (3) None.	(1) None. (2) None. (3) None.	

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	(4) Unbound except as indicated in horizontal commitments.	(4) Qualifications are as follows: certified engineers, or personnel with Bachelor's degree (or above) and three years of experience in these fields.	
(b) Software implementation services (CPC 842) (c) Data processing services (CPC 843) - <i>Input preparation services (CPC 8431)</i>	(1) None. (2) None. (3) Wholly foreign-owned enterprises are allowed. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Qualifications are as follows: certified engineers, or personnel with Bachelor's degree (or above) and three years of experience in these fields.	
- Data processing and tabulation services (CPC 8432) - Time-sharing services (CPC 8433)	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Qualifications are as follows: certified engineers, or personnel with Bachelor's degree (or above) and three years of experience in these fields.	

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D. Real estate services			
(a) Real estate services involving own or leased property (CPC 821) (b) Real estate services on a fee or contract basis (CPC 822)	(1) None. (2) None. (3) Wholly foreign-owned enterprises are allowed. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
F. Other business services			
(a) Advertising services (CPC 871)	(1) Only through advertising agents registered in China who have the right to provide foreign advertising services. (2) Only through advertising agents registered in China who have the right to provide foreign advertising services. (3) Foreign service suppliers are permitted to establish advertising enterprises in China. Wholly foreign-owned subsidiaries are permitted. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
(b) Market research services	(1) Unbound.	(1) Unbound.	

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
(CPC 86401, only limited to investigation services designed to secure information on the prospects and performance of an organization's products in the market)	(2) Unbound. (3) Only in the form of joint ventures, with foreign majority ownership permitted. Economic needs tests are required. (4) Unbound except as indicated in horizontal commitments. Requirement for a commercial presence.	(2) Unbound. (3) Unbound. (4) Unbound except as indicated in horizontal commitments.	
(c) Management consulting services (CPC 865)	(1) None. (2) None. (3) Wholly foreign-owned subsidiaries are allowed. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
(e) Technical testing and analysis services (CPC 8676) and freight inspection covered by CPC 749, excluding statutory inspection services for freight inspection services *	(1) None. (2) None. (3) Foreign services suppliers which have been engaged in inspection services in Costa Rica for more than three years are permitted to establish joint venture technical testing,	(1) None. (2) None. (3) None.	

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	analysis and freight inspection companies with no less than US\$ 350,000 in registered capital. Wholly foreign-owned subsidiaries will be permitted. (4) Unbound except as indicated in horizontal commitments.	(4) Unbound except as indicated in horizontal commitments.	
(f) Services incidental to agriculture, forestry, hunting and fishing (CPC 881, 882)	(1) None. (2) None. (3) Only in the form of joint ventures, with foreign majority ownership permitted. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
(h) Services incidental to mining (CPC 883, only including oil and natural gas)	(1) Unbound. (2) None. (3) Only in the form of oil and gas exploitation in cooperation with Chinese partners. (4) Unbound except as indicated in horizontal commitments.	(1) Unbound. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
(m) Related scientific technical	(1) None.	(1) None.	

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Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
consulting services (CPC 8675) - Offshore oil-field services geological, geophysical and other scientific prospecting services (CPC 86751) Sub-surface surveying services (CPC 86752)	(2) None. (3) Only in the form of petroleum exploitation in cooperation with Chinese partners. (4) Unbound except as indicated in horizontal commitments.	(2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
- Onshore oil-field services	(1) None. (2) None. (3) Only in the form of petroleum exploitation in cooperation with China National Petroleum Corp. (CNPC) in the designated areas approved by the Chinese government. In order to carry out the petroleum contract, the foreign service supplier shall establish a branch, subsidiary or representative office within the territory of the People's Republic of China and go through registration formalities in accordance with the laws.	(1) None. (2) None. (3) The foreign service supplier shall furnish CNPC accurately and promptly with the reports on the petroleum operations, and shall submit to CNPC the data and samples as well as various technological, economic, accounting and administrative reports related to petroleum operations. CNPC shall have the ownership of all of the data records, samples, vouchers and other original information acquired during the	

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	<p>The domiciles of the said offices shall be determined through consultation with CNPC.</p> <p>The foreign service supplier shall open its bank account with a bank approved by the Chinese authorities to engage in foreign exchange business within the Chinese territory.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>implementation of the petroleum operations. The investment of foreign service suppliers shall be made in US dollars or other hard currencies.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	
(p) Photographic services (CPC 875)	<p>(1) None.</p> <p>(2) None.</p> <p>(3) Only in the form of joint ventures, with foreign majority ownership permitted.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(1) None.</p> <p>(2) None.</p> <p>(3) None.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	
(q) Packaging services* (CPC 876)	<p>(1) None.</p> <p>(2) None.</p>	<p>(1) None.</p> <p>(2) None.</p>	

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Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	(3) Foreign service suppliers will be permitted to establish wholly foreign-owned subsidiaries. (4) Unbound, except as indicated in horizontal commitments.	(3) None. (4) Unbound, except as indicated in horizontal commitments.	
(s) Convention services (CPC 87909)	(1) None. (2) None. (3) Only in the form of joint ventures, with foreign majority ownership permitted. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
(t) Translation and interpretation services (CPC 87905)	(1) None. (2) None. (3) Wholly foreign-owned enterprises are allowed. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Qualifications are as follows: three years of experience in translation or interpretation and a good command of the working language(s).	
- Maintenance and repair	(1) None.	(1) None.	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
services (CPC 63, 6112 and 6122) - Maintenance and repair services of office machinery and equipment including computers (CPC 845 and 886) - Rental and leasing services (CPC 831, 832, excluding CPC 83202)	(2) None. (3) Wholly foreign-owned subsidiaries are permitted. For Rental and Leasing services, service suppliers will have global assets of US\$ 5 million. (4) Unbound, except as indicated in horizontal commitments.	(2) None. (3) None. (4) Unbound, except as indicated in horizontal commitments.	
<u>2. COMUNICACION SERVICES:</u>			
B. Courier services (CPC 75121, except for those currently specifically reserved to Chinese postal authorities by law)	(1) None. (2) None. (3) Foreign service suppliers are permitted to establish wholly foreign-owned subsidiaries. (4) Unbound, except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound, except as indicated in horizontal commitments.	
C. Telecommunications services²			

² China's commitments are scheduled in accordance with the following: Notes for Scheduling Basic Telecom Services Commitments (S/GBT/W/2/REV/1) and Market Access Limitations on Spectrum Availability (S/GBT/W/3) attached hereto.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
Value-added services Including the following: (h) Electronic mail (i) Voice mail (j) On-line information and database retrieval (k) Electronic data interchange (l) Enhanced/Value-added facsimile services (including store and forward, store and retrieve) (m) Code and protocol conversion (n) On-line information and/or data processing (including transaction processing)	(1) See mode 3. (2) None. (3) Foreign service suppliers are permitted to establish joint venture value-added telecommunication enterprises and foreign investment in the joint ventures shall be no more than 50 per cent. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
Basic telecommunication services - Paging services	(1) See mode 3. (2) None. (3) Foreign service suppliers are permitted to establish joint venture enterprises and	(1) None. (2) None. (3) None.	China undertakes the obligations contained in the Reference Paper in Annex 1 attached hereto.

All international telecommunications services shall go through gateways established with the approval of China's telecommunications authorities, which will act as an independent regulatory authority in accordance with the principles of paragraph 5 of the Reference Paper.

Telecommunication services do not cover the economic activity consisting of the provision of content services which require telecommunications services for their transport.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	foreign investment in the joint ventures shall be no more than 50 per cent. (4) Unbound except as indicated in horizontal commitments.	(4) Unbound except as indicated in horizontal commitments.	
Mobile voice and data services - Analogue/Digital/Cellular services - Personal communication services	(1) See mode 3. (2) None. (3) Foreign service suppliers are permitted to establish joint ventures only, and foreign investment in the joint ventures shall be no more than 49 per cent. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
- Domestic services (a) Voice services (b) Packet-switched data transmission services (c) Circuit-switched data transmission services (f) Facsimile services (g) Domestic private leased circuit services	(1) See mode 3. (2) None. (3) Foreign service suppliers will be permitted to establish joint venture enterprises, without quantitative restrictions, and provide services in and between the cities of Shanghai, Guangzhou and Beijing. Foreign	(1) None. (2) None. (3) None.	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
- International services (a) Voice services (b) Packet-switched data transmission services (c) Circuit-switched data transmission services (f) Facsimile services (g) International closed user group voice and data services (use of private leased circuit service is permitted)	<p>investment in the joint venture shall be no more than 25 per cent.</p> <p>Within 5 years after accession to the WTO, the areas will be expanded to include services in and between Chengdu, Chongqing, Dalian, Fuzhou, Hangzhou, Nanjing, Ningbo, Qingdao, Shenyang, Shenzhen, Xiamen, Xi'an, Taiyuan and Wuhan. And foreign investment shall be no more than 35 per cent.</p> <p>Within 6 years after accession to the WTO, there will be no geographic restriction and foreign investment shall be no more than 49 per cent.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(4) Unbound except as indicated in horizontal commitments.</p>	
D. Audiovisual services*			

* As per China's commitments to WTO.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<ul style="list-style-type: none"> - Videos, including entertainment software and (CPC 83202), distribution services - Sound recording distribution services 	<ul style="list-style-type: none"> (1) None. (2) None. (3) Foreign services suppliers are permitted to establish contractual joint ventures with Chinese partners to engage in the distribution of audiovisual products, excluding motion pictures, without prejudice to China's right to examine the content of audio and video products (see footnote 1). (4) Unbound, except as indicated in horizontal commitments. 	<ul style="list-style-type: none"> (1) None. (2) None. (3) None. (4) Unbound, except as indicated in horizontal commitments. 	<p>Without prejudice to compliance with China's regulations on the administration of films, China allow the importation of motion pictures for theatrical release from foreign countries on a revenue-sharing basis and the number of such imports shall be 20 on an annual basis.*</p>
<ul style="list-style-type: none"> - Cinema theatre services 	<ul style="list-style-type: none"> (1) None. (2) None. (3) Foreign services suppliers are permitted to construct and/or renovate cinema theatres, with foreign investment no more than 49 per cent. (4) Unbound, except as indicated in horizontal commitments. 	<ul style="list-style-type: none"> (1) None. (2) None. (3) None. (4) Unbound, except as indicated in horizontal commitments. 	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
3. CONSTRUCTION AND RELATED ENGINEERING SERVICES: (CPC 511, 512, 513 ³ , 514, 515, 516, 517, 518 ⁴)	<p>(1) Unbound.** (2) None. (3) Joint ventures, with foreign majority ownership are permitted.</p> <p>Wholly foreign-owned enterprises are permitted. Wholly foreign-owned enterprises can only undertake the following four types of construction projects.</p> <ol style="list-style-type: none"> 1. Construction projects wholly financed by foreign investment and/or grants. 2. Construction projects financed by loans of international financial institutions and awarded through international tendering 	<p>(1) Unbound.** (2) None. (3) None.</p>	

³ Including dredging services relating to infrastructure construction.

⁴ Coverage of CPC 518 is limited only to the rental and leasing services of construction and/or demolition machines with operator which are owned and used by foreign construction enterprises in their supply of services.

**Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>according to the terms of loans.</p> <p>3. Chinese-foreign jointly constructed projects with foreign investment equal to or more than 50 per cent; and Chinese-foreign jointly constructed projects with foreign investment less than 50 per cent but technically difficult to be implemented by Chinese construction enterprises alone.</p> <p>4. Chinese invested construction projects which are difficult to be implemented by Chinese construction enterprises alone can be jointly undertaken by Chinese and foreign construction enterprises with the approval of provincial government.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(4) Unbound except as indicated in horizontal commitments.</p>	
4. DISTRIBUTION SERVICES: (as defined in Annex 2)			

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>A. Commission agents' services (excluding salt, tobacco)</p> <p>B. Wholesale trade service⁵ (excluding salt, tobacco)</p>	<p>(1) Unbound.</p> <p>(2) None.</p> <p>(3) Wholly foreign-owned enterprises are allowed.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(1) Unbound.</p> <p>(2) None.</p> <p>(3) None.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>Foreign-invested enterprises are permitted to distribute their products manufactured in China, including the products listed in the market access or sector or sub-sector column, and provide subordinate services as defined in the Annex 2.</p> <p>Foreign service suppliers are permitted to provide the full range of related subordinate services, including after sales services, as defined in Annex 2, for the products they distribute.</p>
<p>C. Retailing services (excluding tobacco)</p>	<p>(1) Unbound except for mail order.</p> <p>(2) None.</p> <p>(3) Wholly foreign-owned enterprises are allowed, except for:</p> <p>- chain stores which sell</p>	<p>(1) Unbound except for mail order.</p> <p>(2) None.</p> <p>(3) None.</p>	<p>Foreign-invested enterprises may distribute their products manufactured in China, including those excepted products as listed in the market access or sector or sub-sector column, and</p>

⁵ The restrictions on mode 1 shall not undermine the rights of WTO Members to the right to trade as stipulated in Chapter 5 of China's Protocol of accession to the WTO.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>products of different types and brands from multiple suppliers with more than 30 outlets. For such chains stores with more than 30 outlets, foreign majority ownership will not be permitted if those chain stores distribute any of the following products: books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, processed oil, chemical fertilizers and products listed in Annex 2a of the Protocol of China's WTO Accession. The foreign chain store operators will have the freedom of choice of any partner, legally established in China according to China's laws and regulations.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>provide subordinate services as defined in Annex 2.</p> <p>Foreign service suppliers are permitted to provide full range of related subordinate services, including after sales services, as defined in Annex 2, for the products they distribute.</p>
D. Franchising	<p>(1) None. (2) None. (3) None.</p>	<p>(1) None. (2) None. (3) None.</p>	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	(4) Unbound except as indicated in horizontal commitments.	(4) Unbound except as indicated in horizontal commitments.	
E. Wholesale or retail trade services away from a fixed location	(1) None. (2) None. (3) None ⁶ . (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
5. EDUCATIONAL SERVICES: (excluding special education services e.g. military, police, political and party school education)*			
A. Primary education services (CPC 921, excluding national compulsory education in CPC 92190) B. Secondary education services (CPC 922, excluding national compulsory education in CPC 92210) C. Higher education services (CPC 923)	(1) Unbound. (2) None. (3) Joint schools will be established, with foreign majority ownership permitted. (4) Unbound except as indicated in horizontal commitments and the following: foreign individual education service suppliers may enter into China to provide	(1) Unbound. (2) None. (3) Unbound. (4) Qualifications are as follows: - possession of Bachelor's degree or above; - and an appropriate professional title or certificate, with two years' professional	

⁶ See paragraph 310 of the Report of the Working Party on the Accession of China to the WTO.

* As per China's commitments to WTO.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
D. Adult education services (CPC 924) E. Other education services (CPC 929, including English language training)	education services when invited or employed by Chinese schools and other education institutions.	experiences.	
6. ENVIRONMENTAL SERVICES: (excluding environmental quality monitoring and pollution source inspection)			
A. Sewage services (CPC 9401)	(1) Unbound except for environmental consultation services. (2) None. (3) Foreign services suppliers engaged in environmental services are permitted to provide services only in the form of joint ventures, with foreign majority ownership permitted. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
B. Solid waste disposal services (CPC 9402)	(1) Unbound except for environmental consultation services. (2) None.	(1) None. (2) None.	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>(3) Foreign services suppliers engaged in environmental services are permitted to provide services only in the form of joint ventures, with foreign majority ownership permitted.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(3) None.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	
C. Cleaning services of exhaust gases (CPC 9404)	<p>(1) Unbound except for environmental consultation services.</p> <p>(2) None.</p> <p>(3) Foreign services suppliers engaged in environmental services are permitted to provide services only in the form of joint ventures, with foreign majority ownership permitted.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(1) None.</p> <p>(2) None.</p> <p>(3) None.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	
D. Noise abatement services (CPC 9405)	<p>(1) Unbound except for environmental consultation services.</p>	<p>(1) None.</p>	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	(2) None. (3) Foreign services suppliers engaged in environmental services are permitted to provide services only in the form of joint ventures, with foreign majority ownership permitted. (4) Unbound except as indicated in horizontal commitments.	(2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
E. Nature and landscape protection services (CPC 9406)	(1) Unbound except for environmental consultation services. (2) None. (3) Foreign services suppliers engaged in environmental services are permitted to provide services only in the form of joint ventures, with foreign majority ownership permitted. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
F. Other environmental protection services (CPC	(1) Unbound except for environmental consultation	(1) None.	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
9409)	<p>services.</p> <p>(2) None.</p> <p>(3) Foreign services suppliers engaged in environmental services are permitted to provide services only in the form of joint ventures, with foreign majority ownership permitted.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(2) None.</p> <p>(3) None.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	
G. Sanitation services (CPC 9403)	<p>(1) Unbound except for environmental consultation services.</p> <p>(2) None.</p> <p>(3) Foreign services suppliers engaged in environmental services are permitted to provide services only in the form of joint ventures, with foreign majority ownership permitted.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(1) None.</p> <p>(2) None.</p> <p>(3) None.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	
9. TOURISM AND TRAVEL RELATED SERVICES:			

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
A. Hotels (including apartment buildings) and restaurants (CPC 641-643)	<p>(1) None.</p> <p>(2) None.</p> <p>(3) Foreign services suppliers may construct, renovate and operate hotel and restaurant establishments in China. Wholly foreign-owned subsidiaries are permitted.</p> <p>(4) Unbound, except as indicated in horizontal commitments and as follows:</p> <ul style="list-style-type: none"> - Foreign managers, specialists including chefs and senior executives who have signed contracts with joint venture hotels and restaurants in China shall be permitted to provide services in China. 	<p>(1) None.</p> <p>(2) None.</p> <p>(3) None.</p> <p>(4) Unbound, except as indicated in horizontal commitments.</p>	
B. Travel agency and tour operator (CPC 7471)	<p>(1) None.</p> <p>(2) None.</p> <p>(3) None.</p>	<p>(1) None</p> <p>(2) None.</p> <p>(3) None except that joint ventures or wholly Foreign-owned travel agencies and tour operators are not permitted to engage in the activities of Chinese travelling abroad and to Hong Kong</p>	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	(4) Unbound, except as indicated in horizontal commitments.	China, Macao China and Chinese Taipei. (4) Unbound, except as indicated in horizontal commitments.	
<u>10. RECREATIONAL, CULTURAL AND SPORTING SERVICES:</u> (other than audiovisual services)			
D. Sporting and other recreational services (Only limited to CPC 96411, 96412, 96413, 96419 excluding golf)	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	(1) None. (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
<u>11. TRANSPORT SERVICES:</u>			
A. Maritime transport services - International transport (freight and passengers) (CPC 7211 and 7212 less cabotage transport services)	(1) (a) Liner shipping (including passenger transportation): None. (b) Bulk, tramp and other international shipping (including passenger transportation): None. (2) None. (3) (a) Establishment of registered companies for the	(1) (a) None. (b) None. (2) None. (3) (a) None.	The following services at the port are made available to international maritime transport suppliers on reasonable and non-discriminatory terms and conditions: 1. Pilotage 2. Towing and tug assistance 3. Provisioning, fuelling and watering

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>purpose of operating a fleet under the national flag of the People's Republic of China:</p> <ul style="list-style-type: none"> - Foreign service suppliers are permitted to establish joint venture shipping companies. - Foreign investment shall not exceed 49 per cent of the total registered capital of the joint venture. - The chairman of board of directors and the general manager of the joint venture shall be appointed by the Chinese side. <p>(b) Other forms of commercial presence for the supply of international maritime transport services: Unbound.</p> <p>(4) (a) Ship's crew: Unbound except as indicated in horizontal commitments.</p> <p>(b) Key personnel employed by Commercial Presence as defined under mode (3) (b) above: Unbound except as indicated in horizontal commitments.</p>	<p>(b) Unbound.</p> <p>(4) (a) Unbound except as indicated in horizontal commitments.</p> <p>(b) Unbound except as indicated in horizontal commitments.</p>	<p>4. Garbage collecting and ballast waste disposal</p> <p>5. Port Captain's services</p> <p>6. Navigation aids</p> <p>7. Shore-based operational services essential to ship operations, including communications, water and electrical supplies</p> <p>8. Emergency repair facilities</p> <p>9. Anchorage, berth and berthing services.</p>

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
H. Auxiliary services			
(a) Maritime cargo-handling services (CPC 741) (c) Customs clearance services for maritime transport	(1) Unbound.** (2) None. (3) Only in the form of joint ventures, with foreign majority ownership permitted. (4) Unbound except as indicated in horizontal commitments.	(1) Unbound.** (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
(d) Container station and depot services	(1) Unbound.** (2) None. (3) Only in forms of joint ventures, with foreign majority ownership permitted. (4) Unbound except as indicated in horizontal commitments.	(1) Unbound.** (2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
(e) Maritime agency services	(1) None.	(1) None.	

** Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	(2) None. (3) Only in forms of joint ventures, with foreign equity share no more than 49 per cent. (4) Unbound except as indicated in horizontal commitments.	(2) None. (3) None. (4) Unbound except as indicated in horizontal commitments.	
B. Internal waterways transport (b) Freight transport (CPC 7222)	(1) Only international shipping in ports open to foreign vessels shall be permitted. (2) None. (3) Unbound. (4) Unbound except as indicated in horizontal commitments.	(1) Limitations as indicated under market access column. (2) None. (3) Unbound. (4) Unbound except as indicated in horizontal commitments	
C. Air transport services			
(d) Aircraft repair and maintenance services (CPC 8868)	(1) Unbound.** (2) None. (3) Foreign service suppliers are permitted to establish joint venture aircraft repair and	(1) Unbound.** (2) None. (3) The joint ventures have the obligation to undertake business in the international	

**Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>maintenance enterprises in China. The Chinese side shall hold controlling shares or be in a dominant position in the joint ventures. Licenses for the establishments of joint ventures are subject to economic needs test.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>market.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	
- Computer reservation system (CRS) services	<p>(1) A. Foreign Computer Reservation System, when having agreements with Chinese aviation enterprises and Chinese Computer Reservation System, may provide services to Chinese aviation enterprises and Chinese aviation agents by connecting with Chinese Computer Reservation System.</p> <p>B. Foreign Computer Reservation System may provide services to representative offices and sales offices established in the</p>	(1) None.	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>destination cities in China by foreign aviation enterprises which have the right to engage in business according to the bilateral aviation agreements.</p> <p>C. Direct access to and use of foreign Computer Reservation System by Chinese aviation enterprises and agents of foreign aviation enterprises are subject to approval of the General Administration of Civil Aviation of China (CAAC).</p> <p>(2) None. (3) Unbound. (4) Unbound except as indicated in horizontal commitments.</p>	<p>(2) None. (3) Unbound. (4) Unbound except as indicated in horizontal commitments.</p>	
<p>E. Rail transport services F. Road transport services</p> <p>- Freight transportation by rail (CPC 7112) - Freight transportation by road in trucks or cars (CPC 7123)</p>	<p>(1) None. (2) None. (3) For rail transport, only in the form of joint ventures, foreign majority ownership is permitted; within 6 years after China's accession to the WTO, wholly foreign-owned</p>	<p>(1) None. (2) None. (3) None.</p>	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>subsidiaries will be permitted.*</p> <p>For road transport, wholly foreign-owned subsidiaries are permitted.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(4) Unbound except as indicated in horizontal commitments.</p>	
H. Services auxiliary to all modes of transport			
- Storage and warehousing services (CPC 742)	<p>(1) Unbound.</p> <p>(2) None.</p> <p>(3) Wholly foreign-owned subsidiaries are permitted.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(1) Unbound.</p> <p>(2) None.</p> <p>(3) None.</p> <p>(4) Unbound except as indicated in horizontal commitments</p>	
- Freight forwarding agency services (CPC 748 and 749 excluding freight inspection)*	<p>(1) None.</p> <p>(2) None.</p> <p>(3) Foreign freight forwarding agencies which have at least 3 consecutive years experience are permitted to set up freight</p>	<p>(1) None.</p> <p>(2) None.</p> <p>(3) None.</p>	

* As per China's commitments to WTO.

* As per China's commitments to WTO.

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>forwarding agency joint ventures in China; within 4 years after China's accession to the WTO, wholly foreign-owned subsidiaries are permitted.</p> <p>Operation term of the joint ventures shall not exceed 20 years.</p> <p>After one year operating in China, the joint venture can set up branches.</p> <p>A foreign freight forwarding agency may set up a second joint venture after its first joint venture has been in operation for two years.</p> <p>(4) Unbound except as indicated in horizontal commitments.</p>	<p>(4) Unbound except as indicated in horizontal commitments.</p>	

Annex 1 Reference Paper

Scope

The following are definitions and principles on the regulatory framework for the basic telecommunications services.

Definitions

Users mean service consumers and service suppliers.

Essential facilities mean facilities of a public telecommunications transport network or service that:

- (a) are exclusively or predominantly provided by a single or limited number of suppliers; and
- (b) cannot feasibly be economically or technically substituted in order to provide a service.

A major supplier is a supplier which has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for basic telecommunications services as a result of:

- (a) control over essential facilities; or
- (b) use of its position in the market.

1. Competitive safeguards

1.1 Prevention of anti-competitive practices in telecommunications

Appropriate measures shall be maintained for the purpose of preventing suppliers who, alone or together, are a major supplier from engaging in or continuing anti-competitive practices.

1.2 Safeguards

The anti-competitive practices referred to above shall include in particular:

- (a) engaging in anti-competitive cross-subsidization;
- (b) using information obtained from competitors with anti-competitive results; and
- (c) not making available to other services suppliers on a timely basis technical information about essential facilities and commercially relevant information which are necessary for them to provide services.

2. Interconnection

2.1 This section applies to linking with suppliers providing public telecommunications transport networks or services in order to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier, where specific commitments are undertaken.

2.2 Interconnection to be ensured

Interconnection with a major supplier will be ensured at any technically feasible point in the network. Such interconnection is provided.

- (a) under non-discriminatory terms, conditions (including technical standards and specifications) and rates and of a quality no less favourable than that provided for its own like services or for like services of non-affiliated service suppliers or for its subsidiaries or other affiliates;
- (b) in a timely fashion, on terms, conditions (including technical standards and specifications) and cost-oriented rates that are transparent, reasonable, having regard to economic feasibility, and sufficiently unbundled so that the supplier need not pay for network components or facilities that it does not require for the service to be provided; and
- (c) upon request, at points in addition to the network termination points offered to the majority of users, subject to charges that reflect the cost of construction of necessary additional facilities.

2.3 Public availability of the procedures for interconnection negotiations

The procedures applicable for interconnection to a major supplier will be made publicly available.

2.4 Transparency of interconnection arrangements

It is ensured that a major supplier will make publicly available either its interconnection agreements or a reference interconnection offer.

2.5 Interconnection: dispute settlement

A service supplier requesting interconnection with a major supplier will have recourse, either:

- (a) at any time; or
- (b) after a reasonable period of time which has been made publicly known

to an independent domestic body, which may be a regulatory body as referred to in paragraph 5 below, to resolve disputes regarding appropriate terms, conditions and rates for interconnection within a reasonable period of time, to the extent that these have not been established previously.

3. Universal service

Any Member has the right to define the kind of universal service obligation it wishes to maintain. Such obligations will not be regarded as anti-competitive *per se*, provided they are administered in a transparent, non-discriminatory and competitively neutral manner and are not more burdensome than necessary for the kind of universal service defined by the Member.

4. Public availability of licensing criteria

Where a licence is required, the following will be made publicly available:

- (a) all the licensing criteria and the period of time normally required to reach a decision concerning an application for a licence; and
- (b) the terms and conditions of individual licences.

The reasons for the denial of a licence will be made known to the applicant upon request.

5. Independent regulators

The regulatory body is separate from, and not accountable to, any supplier of basic telecommunications services. The decisions of and the procedures used by regulators shall be impartial with respect to all market participants.

6. Allocation and use of scarce resources

Any procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, will be carried out in an objective, timely, transparent and non-discriminatory manner. The current state of allocated frequency bands will be made publicly available, but detailed identification of frequencies allocated for specific government uses is not required.

Group on Basic Telecommunications

Note by the Chairman

Revision

It has been suggested by a number of delegations that it might be helpful to produce a brief and simple note on assumptions applicable to the scheduling of commitments in basic telecoms. The purpose of the attached note is to assist delegations in ensuring the transparency of their commitments and to promote a better understanding of the meaning of commitments. This note is not intended to have or acquire any binding legal status.

NOTES FOR SCHEDULING BASIC TELECOM SERVICES COMMITMENTS

1. Unless otherwise noted in the sector column, any basic telecom service listed in the sector column:
 - (a) encompasses local, long distance and international services for public and non-public use;
 - (b) may be provided on a facilities-basis or by resale; and
 - (c) may be provided through any means of technology (e.g., cable¹, wireless, satellites).
2. Subsector (g) --private leased circuit services -- involves the ability of service suppliers to sell or lease any type of network capacity for the supply of services listed in any other basic telecom service subsector unless otherwise noted in the sector column. This would include capacity via cable, satellite and wireless network.
3. In view of points 1 and 2 above, it should not be necessary to list cellular or mobile services as a separate subsector. However, a number of Members have done so, and a number of offers have commitments only in these subsectors. Therefore, in order to avoid extensive changes in schedules, it would seem appropriate for Members to maintain separate entries for these subsectors.

¹ Including all types of cable.

Original: English

Group on Basic Telecommunications

CHAIRMAN'S NOTE

Market Access Limitations on Spectrum Availability

Many Members have entries in the market access column of their schedules indicating that commitments are "subject to availability of spectrum/frequency" or similar wording. In light of the physical nature of spectrum and the constraints inherent in its use, it is understandable that Members may have sought to rely on these words to adequately protect legitimate spectrum management policies. There is, however, doubt that words such as "subject to availability of spectrum/frequency" as listed in the market access column of many Members' schedules achieve that objective.

Spectrum/frequency management is not, *per se*, a measure which needs to be listed under Article XVI. Furthermore under the GATS each Member has the right to exercise spectrum/frequency management, which may affect the number of service suppliers, provided that this is done in accordance with Article VI and other relevant provisions of the GATS. This includes the ability to allocate frequency bands taking into account existing and future needs. Also, Members which have made additional commitment in line with the Reference Paper on regulatory principles are bound by its paragraph 6.

Therefore, words such as "subject to availability of spectrum/frequency" are unnecessary and should be deleted from Members' schedules.

Annex 2 Distribution Services

Distribution trade services are comprised of four main sub-sectors:

- commission agents services;
- wholesaling;
- retailing; and
- franchising.

The principal services rendered in each subsector can be characterized as reselling merchandise, accompanied by a variety of related subordinated services, including inventory management; assembly, sorting and grading of bulk lots; breaking bulk lots and redistributing into smaller lots; delivery services; refrigeration, storage, warehousing and garage services; sales promotion, marketing and advertising, installation and after sales services including maintenance and repair and training services. Distribution services are generally covered by CPC 61, 62, 63 and 8929.

Commission Agents' Services consist of sales on a fee or contract basis by an agent, broker or auctioneer or other wholesalers of goods/merchandise and related subordinated services.

Wholesaling consist of the sale of goods/merchandise to retailers to industrial, commercial, institutional, or other professional business users, or to other wholesalers and related subordinated services.

Retailing services consist of the sale of goods/merchandise for personal or household consumption either from a fixed location (e.g., store, kiosk, etc.) or away from a fixed location and related subordinated services.

Franchising services consist of the sale of the use of a product, trade name or particular business format system in exchange for fees or royalties. Product and trade name franchising involves the use of a trade name in exchange for fees or royalties and may include an obligation for exclusive sale of trade name products. Business format franchising involves the use of an entire business concept in exchange for fees and royalties, and may include the use of a trade name, business plan, and training materials and related subordinated services.