

ANNEX II

EXPLANATORY NOTES

1. The Schedule of Chile to this Annex sets out, pursuant to Article 8.11 (Non-Conforming Measures) and Article 9.7 (Non-Conforming Measures), the specific sectors, subsectors or activities for which Chile may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 8.5 (National Treatment) or Article 9.3 (National Treatment);
- (b) Article 8.6 (Most-Favoured-Nation Treatment) or Article 9.4 (Most-Favoured-Nation Treatment);
- (c) Article 8.9 (Performance Requirements);
- (d) Article 8.10 (Senior Management and Boards of Directors);
- (e) Article 9.5 (Local Presence); or
- (f) Article 9.6 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Sub-Sector**, where referenced, refers to the specific subsector for which the entry is made;
- (c) **Industry Classification**, where referenced, refers to the activity covered by the non-conforming measure, according to the provisional CPC codes as used in the Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991);
- (d) **Obligations Concerned** specifies the obligations referred to in paragraph 1 that, pursuant to Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), do not apply to the sectors, subsectors or activities listed in the entry;
- (e) **Description** sets out the scope or nature of the sectors, subsectors or activities covered by the entry to which the reservation applies; and

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

3. In accordance with Article 8.11.2 (Non-Conforming Measures) and Article 9.7.2 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors and activities identified in the **Description** element of that entry.

4. With respect to Annex II entries on Most-Favoured-Nation Treatment relating to bilateral or multilateral international agreements, the absence of language regarding the scope of the reservation for differential treatment resulting from an amendment of those bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement is without prejudice to Chile's interpretation of the scope of that reservation.