

AGREEMENT BETWEEN
JAPAN AND THE KINGDOM OF CAMBODIA
FOR THE LIBERALIZATION,
PROMOTION AND PROTECTION OF INVESTMENT

Japan and the Kingdom of Cambodia,

Desiring to further promote investment in order to strengthen the economic relationship between the two countries;

Intending to further create favorable conditions for greater investment by investors of one country in the Area of the other country;

Recognizing the growing importance of the progressive liberalization of investment for stimulating initiative of investors and for promoting prosperity in both countries;

Acknowledging the growing economic interdependence amongst members of the Association of Southeast Asian Nations at large, which contributes to promotion of investment;

Recognizing that these objectives can be achieved without relaxing health, safety and environmental measures of general application; and

Recognizing the importance of the cooperative relationship between labor and management in promoting investment between both countries;

Have agreed as follows:

Article 1

For the purposes of this Agreement,

(1) The term "investments" means every kind of asset owned or controlled, directly or indirectly, by an investor, including:

- (a) an enterprise;
- (b) shares, stocks or other forms of equity participation in an enterprise, including rights derived therefrom;
- (c) bonds, debentures, loans and other forms of debt, including rights derived therefrom;

- (d) rights under contracts, including turnkey, construction, management, production or revenue-sharing contracts;
- (e) claims to money and to any performance under contract having a financial value;
- (f) intellectual property rights, including copy rights and related rights, patent rights and rights relating to utility models, trademarks, industrial designs, layout-designs of integrated circuits, new varieties of plants, trade names, indications of source or geographical indications and undisclosed information;
- (g) rights conferred pursuant to laws and regulations or contracts such as concessions, licences, authorizations, and permits, including those for the exploration and exploitation of natural resources; and
- (h) any other tangible and intangible, movable and immovable property, and any related property rights, such as leases, mortgages, liens and pledges.

Investments include the amounts yielded by investments, in particular, profit, interest, capital gains, dividends, royalties and fees. A change in the form in which assets are invested does not affect their character as investments.

(2) The term "investor of a Contracting Party" means:

- (a) a natural person having the nationality of that Contracting Party in accordance with its applicable laws and regulations; or
- (b) an enterprise of that Contracting Party.

A branch of an enterprise of a non-Contracting Party, which is located in the Area of a Contracting Party, shall not be deemed as an investor of that Contracting Party.

(3) An enterprise is;

- (a) "owned" by an investor if more than 50 percent of the equity interest in it is owned by the investor; and

(b) "controlled" by an investor if the investor has the power to name a majority of its directors or otherwise to legally direct its actions.

(4) The term "an enterprise of a Contracting Party" means any legal person or any other entity duly constituted or organized under the applicable laws and regulations of that Contracting Party, whether or not for profit, and whether private or government owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, association, organization, company or branch.

(5) The term "Area" means with respect to a Contracting Party (a) the territory of that Contracting Party; and (b) the exclusive economic zone and the continental shelf with respect to which that Contracting Party exercises sovereign rights or jurisdiction in accordance with international law.

(6) The term "the WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994, as may be amended.

Article 2

1. Each Contracting Party shall in its Area accord to investors of the other Contracting Party and to their investments treatment no less favorable than the treatment it accords in like circumstances to its own investors and their investments with respect to the establishment, acquisition, expansion, operation, management, maintenance, use, enjoyment, and sale or other disposal of investments (hereinafter referred to as "investment activities").

2. Notwithstanding paragraph 1, each Contracting Party may prescribe special formalities in connection with investment activities of investors of the other Contracting Party in its Area, provided that such special formalities do not impair the substance of the rights of such investors under this Agreement.

Article 3

Each Contracting Party shall in its Area accord to investors of the other Contracting Party and to their investments treatment no less favorable than the treatment it accords in like circumstances to investors of a non-Contracting Party and to their investments with respect to investment activities.

Article 4

1. Each Contracting Party shall accord to investments of the other Contracting Party treatment in accordance with international law, including fair and equitable treatment and full protection and security.

2. Each Contracting Party shall observe any obligation it may have entered into with regard to investments of investors of the other Contracting Party.

Article 5

Each Contracting Party shall in its Area accord to investors of the other Contracting Party treatment no less favorable than the treatment which it accords in like circumstances to its own investors or investors of a non-Contracting Party with respect to access to the courts of justice and administrative tribunals and agencies in all degrees of jurisdiction, both in pursuit and in defense of such investors' rights.

Article 6

1. Neither Contracting Party shall impose or enforce, as a condition for investment activities in its Area of an investor of the other Contracting Party, any of the following requirements:

- (a) to export a given level or percentage of goods or services;
- (b) to achieve a given level or percentage of domestic content;
- (c) to purchase, use or accord a preference to goods produced or services provided in its Area, or to purchase goods or services from natural or legal persons or any other entity in its Area;
- (d) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with investments of that investor;
- (e) to restrict sales of goods or services in its Area that investments of that investor produce or provide by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;

- (f) to appoint, as executives, managers or members of boards of directors, individuals of any particular nationality;
- (g) to transfer technology, a production process or other proprietary knowledge to a natural or legal person or any other entity in its Area, except when the requirement (i) is imposed or enforced by a court, administrative tribunal or competition authority to remedy an alleged violation of competition laws; or (ii) concerns the transfer of intellectual property rights which is undertaken in a manner not inconsistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the WTO Agreement (hereinafter referred to as "the TRIPS Agreement");
- (h) to locate the headquarters of that investor for a specific region or the world market in its Area;
- (i) to hire a given number or percentage of its nationals;
- (j) to achieve a given level or value of research and development in its Area; or
- (k) to supply one or more of the goods that the investor produces or the services that the investor provides to a specific region or the world market, exclusively from the Area of the former Contracting Party.

2. The provisions of paragraph 1 above do not preclude either Contracting Party from conditioning the receipt or continued receipt of an advantage, in connection with investment activities in its Area of an investor of the other Contracting Party, on compliance with any of the requirements set forth in paragraph 1 (g) through (k) above.

Article 7

1. Articles 2, 3 and 6 shall not apply to:

- (a) any existing non-conforming measure that is maintained by the following, as set out in its Schedule in Annex I:
 - (i) the central government of a Contracting Party; or

- (ii) a prefecture of Japan or a province of the Kingdom of Cambodia;
- (b) any existing non-conforming measure that is maintained by a local government other than a prefecture and a province referred to in subparagraph (a)(ii);
- (c) the continuation or prompt renewal of any non-conforming measure referred to in subparagraphs (a) and (b); or
- (d) an amendment or modification to any non-conforming measure referred to in subparagraphs (a) and (b), provided that the amendment or modification does not decrease the conformity of the measure as it existed immediately before the amendment or modification, with Articles 2, 3 and 6.

2. Articles 2, 3 and 6 shall not apply to any measure that a Contracting Party adopts or maintains with respect to sectors, sub-sectors or activities set out in its Schedule in Annex II.

3. Neither Contracting Party shall, under any measure adopted after the date of entry into force of this Agreement and covered by its Schedule in Annex II, require an investor of the other Contracting Party, by reason of its nationality, to sell or otherwise dispose of an investment that exists at the time the measure becomes effective.

4. In cases where a Contracting Party makes an amendment or a modification to any existing non-conforming measure set out in its Schedule in Annex I or where a Contracting Party adopts any new or more restrictive measure with respect to sectors, sub-sectors or activities set out in its Schedule in Annex II after the entry into force of this Agreement, the Contracting Party shall, prior to the implementation of the amendment or modification or the new or more restrictive measure, or in exceptional circumstances, as soon as possible thereafter:

- (a) notify the other Contracting Party of detailed information on such amendment, modification or measure; and
- (b) hold, upon request by the other Contracting Party, consultations in good-faith with that other Contracting Party with a view to achieving mutual satisfaction.

5. Each Contracting Party shall endeavor, where appropriate, to reduce or eliminate the reservations specified in its Schedules in Annexes I and II respectively.

6. Articles 2, 3 and 6 shall not apply to any measure covered by the exceptions to, or derogations from, obligations under Articles 3 and 4 of the TRIPS Agreement, as specifically provided in Articles 3 through 5 of the TRIPS Agreement.

7. Articles 2, 3 and 6 shall not apply to any measure that a Contracting Party adopts or maintains with respect to government procurement.

Article 8

1. Each Contracting Party shall promptly publish, or otherwise make publicly available, its laws, regulations, administrative procedures and administrative rulings and judicial decisions of general application as well as international agreements which pertain to or affect investment activities.

2. Each Contracting Party shall, upon request by the other Contracting Party, promptly respond to specific questions and provide that other Contracting Party with information on matters set out in paragraph 1 above, including that relating to contract each Contracting Party enters into with regard to investment.

3. The provisions of paragraphs 1 and 2 of this Article shall not be construed so as to oblige either Contracting Party to disclose confidential information, the disclosure of which would impede law enforcement or otherwise be contrary to the public interest, or which would prejudice privacy or legitimate commercial interests.

Article 9

The Government of each Contracting Party shall, in accordance with the laws and regulations of the Contracting Party, endeavor to provide, except in cases of emergency or of purely minor nature, a reasonable opportunity for comments by the public before the adoption, amendment or repeal of regulations of general application that affect any matter covered by this Agreement.

Article 10

Each Contracting Party shall ensure that measures and efforts are undertaken to prevent and combat corruption regarding matters covered by this Agreement in accordance with its laws and regulations.

Article 11

Each Contracting Party shall, in accordance with its applicable laws and regulations, give sympathetic consideration to applications for the entry, sojourn and residence of a natural person having the nationality of the other Contracting Party who wish to enter the territory of the former Contracting Party and remain therein for the purpose of investment activities.

Article 12

1. Neither Contracting Party shall expropriate or nationalize investments in its Area of investors of the other Contracting Party or take any measure equivalent to expropriation or nationalization (hereinafter referred to as "expropriation") except: (a) for a public purpose; (b) in a non-discriminatory manner; (c) upon payment of prompt, adequate and effective compensation pursuant to paragraphs 2, 3, and 4; and (d) in accordance with due process of law and Article 4.

2. Compensation shall be equivalent to the fair market value of the expropriated investments at the time when the expropriation was publicly announced or when the expropriation occurred, whichever is earlier. The fair market value shall not reflect any change in value occurring because the expropriation had become publicly known earlier.

3. The compensation shall be paid without delay and shall include interest at a commercially reasonable rate, taking into account the length of time until the time of payment. It shall be effectively realizable and freely transferable and shall be freely convertible into the currency of the Contracting Party of the investors concerned, and into freely usable currencies as defined in the Articles of Agreement of the International Monetary Fund, as may be amended, at the market exchange rate prevailing on the date of expropriation.

4. Without prejudice to the provisions of Article 17, the investors affected by expropriation shall have a right of access to the courts of justice or administrative tribunals or agencies of the Contracting Party making the expropriation to seek a prompt review of the investors' case and the amount of compensation in accordance with the principles set out in this Article.

Article 13

1. Each Contracting Party shall accord to investors of the other Contracting Party that have suffered loss or damage relating to their investments in the Area of the former Contracting Party due to armed conflict or a state of emergency such as revolution, insurrection, civil disturbance or any other similar event in the Area of that former Contracting Party, treatment, as regards restitution, indemnification, compensation or any other settlement, that is no less favorable than that which it accords to its own investors or to investors of a non-Contracting Party, whichever is more favorable to the investors of the other Contracting Party.

2. Any payment as a means of settlement referred to in paragraph 1 shall be effectively realizable, freely transferable and freely convertible at the market exchange rate into the currency of the Contracting Party of the investors concerned and freely usable currencies.

Article 14

If a Contracting Party or its designated agency makes a payment to any investor of that Contracting Party under an indemnity, guarantee or insurance contract, pertaining to an investment of such investor in the Area of the other Contracting Party, the latter Contracting Party shall recognize the assignment to the former Contracting Party or its designated agency of any right or claim of such investor on account of which such payment is made and shall recognize the right of the former Contracting Party or its designated agency to exercise by virtue of subrogation any such right or claim to the same extent as the original right or claim of the investor. As regards payment to be made to that former Contracting Party or its designated agency by virtue of such assignment of right or claim and the assignment of such payment, the provisions of Articles 12, 13 and 15 shall apply mutatis mutandis.

Article 15

1. Each Contracting Party shall ensure that all transfers relating to investments in its Area of an investor of the other Contracting Party may be freely made into and out of its Area without delay. Such transfers shall include, in particular, though not exclusively:

- (a) the initial capital and additional amounts to maintain or increase investments;
- (b) profits, interest, capital gains, dividends, royalties and fees and other current incomes accruing from investments;
- (c) payments made under a contract including loan payments in connection with investments;
- (d) proceeds of the total or partial sale or liquidation of investments;
- (e) earnings and remuneration of personnel engaged from the other Contracting Party who work in connection with investments in the Area of the former Contracting Party;
- (f) payments made in accordance with Articles 12 and 13; and
- (g) payments arising out of the settlement of a dispute under Article 17.

2. Each Contracting Party shall further ensure that such transfers may be made without delay in freely usable currencies at the market rate of exchange prevailing on the date of the transfer.

3. Notwithstanding paragraphs 1 and 2 above, a Contracting Party may delay or prevent a transfer through the equitable, non-discriminatory and good-faith application of its laws relating to:

- (a) bankruptcy, insolvency or the protection of the rights of creditors;
- (b) issuing, trading or dealing in securities;
- (c) criminal or penal offenses; or
- (d) ensuring compliance with orders or judgments in adjudicatory proceedings.

Article 16

1. Each Contracting Party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as the other Contracting Party may make with respect to any matter affecting the implementation of this Agreement.

2. Any dispute between the Contracting Parties as to the interpretation or implementation of this Agreement, not satisfactorily adjusted by diplomacy, shall be referred for decision to an arbitration board. Such arbitration board shall be composed of three arbitrators, with each Contracting Party appointing one arbitrator within a period of thirty days from the date of receipt by either Contracting Party from the other Contracting Party of a note requesting arbitration of the dispute, and the third arbitrator to be agreed upon as President by the two arbitrators so chosen within a further period of thirty days, provided that the third arbitrator shall not be a national of either Contracting Party.

3. If the third arbitrator is not agreed upon between the arbitrators appointed by each Contracting Party within the further period of thirty days referred to in the provisions of paragraph 2 above, the Contracting Parties shall request the President of the International Court of Justice to appoint the third arbitrator who shall not be a national of either Contracting Party.

4. The arbitration board shall within a reasonable period of time reach its decisions by a majority of votes. Such decisions shall be final and binding.

5. Each Contracting Party shall bear the cost of its own arbitrator and its representation in the arbitral proceedings. The cost of the President of the arbitration board in discharging his or her duties and the remaining costs of the arbitration board shall be borne equally by the Contracting Parties.

Article 17

1. For the purposes of this Article, an investment dispute is a dispute between a Contracting Party and an investor of the other Contracting Party that has incurred loss or damage by reason of, or arising out of, an alleged breach of any right conferred by this Agreement with respect to investments of investors of that other Contracting Party.

2. Nothing in this Article shall be construed so as to prevent an investor who is a party to an investment dispute (hereinafter referred to in this Article as "disputing investor") from seeking administrative or judicial settlement within the Area of the Contracting Party that is a party to the investment dispute (hereinafter referred to in this Article as "disputing Party").

3. An investment dispute shall, as far as possible, be settled amicably through consultation or negotiation between the disputing investor and the disputing Party (hereinafter referred to in this Article as "the disputing parties").

4. (a) If any investment dispute cannot be settled through such consultation or negotiation, the disputing investor may submit the investment dispute to one of the following alternatives:
- (i) competent courts of justice or administrative tribunals or agencies within the Area of the disputing Party;
 - (ii) conciliation or arbitration in accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, as may be amended (hereinafter referred to in this Article as "ICSID Convention"), so long as the ICSID Convention is in force between the Contracting Parties;
 - (iii) conciliation or arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes, as may be amended, so long as the ICSID Convention is not in force between the Contracting Parties;
 - (iv) arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law, as may be amended; and
 - (v) if agreed with the disputing Party, any arbitration in accordance with other arbitration rules.

- (b) For the purpose of paragraph 4(a) above, if the disputing investor submits the investment dispute to one of the conciliations or arbitrations under subparagraph (ii), (iii), (iv) and (v), at least three months shall have elapsed before that submission from the date on which the disputing investor requested the consultation or negotiation in writing.

5. The applicable arbitration rules shall govern the arbitration set forth in paragraph 4 except to the extent modified in this Article.

6. The disputing investor who intends to submit the investment dispute to conciliation or arbitration pursuant to paragraph 4 shall give to the disputing Party written notice of intent to do so at least 90 days before the claim is submitted. The notice of intent shall specify:

- (a) the name and address of the disputing investor;
- (b) the specific measures of the disputing Party at issue and a brief summary of the factual and legal basis of the investment dispute sufficient to present the problem clearly, including the obligations under this Agreement alleged to have been breached;
- (c) conciliation or arbitration set forth in paragraph 4 which the disputing investor will choose; and
- (d) the relief sought and the approximate amount of damages claimed.

7. (a) Each Contracting Party hereby consents to the submission of investment disputes by a disputing investor to conciliation or arbitration set forth in paragraph 4 chosen by the disputing investor.

- (b) The consent given by subparagraph (a) and the submission by a disputing investor of a claim to arbitration shall satisfy the requirements of:

- (i) Chapter II of the ICSID Convention or the Additional Facility Rules of the International Centre for Settlement of Investment Disputes, as may be amended, for written consent of the parties to a dispute; and

- (ii) Article II of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, as may be amended (hereinafter referred to as "New York Convention"), for an agreement in writing.

8. Notwithstanding paragraph 7, no claim may be submitted to conciliation or arbitration set forth in paragraph 4, if more than three years have elapsed since the date on which the disputing investor acquired or should have first acquired, whichever is the earlier, the knowledge that the disputing investor had incurred loss or damage referred to in paragraph 1.

9. Notwithstanding paragraph 4, the disputing investor may initiate or continue an action that seeks interim injunctive relief that does not involve the payment of damages before an administrative tribunal or agency or a court of justice under the law of the disputing Party.

10. Unless the disputing parties agree otherwise, an arbitral tribunal established under paragraph 4 shall comprise three arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties. If the disputing investor or the disputing Party fails to appoint an arbitrator or arbitrators within 60 days from the date on which the investment dispute was submitted to arbitration, the Secretary-General of the International Centre for Settlement of Investment Disputes (hereinafter referred to in this Article as "ICSID"), may be requested by either of the disputing parties, to appoint the arbitrator or arbitrators not yet appointed from the ICSID Panel of Arbitrators subject to the requirements of paragraphs 11 and 12.

11. Unless the disputing parties agree otherwise, the third arbitrator shall not be a national of either Contracting Party, nor have his or her usual place of residence in the territory of either Contracting Party, nor be employed by either of the disputing parties, nor have dealt with the investment dispute in any capacity.

12. In the case of arbitration referred to in paragraph 4, each of the disputing parties may indicate up to three nationalities, the appointment of arbitrators of which is unacceptable to it. In this event, the Secretary-General of the ICSID may be requested not to appoint as arbitrator any person whose nationality is indicated by either of the disputing parties.

13. Unless the disputing parties agree otherwise, the arbitration shall be held in a country that is a party to the New York Convention.

14. An arbitral tribunal established under paragraph 4 shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.

15. The disputing Party shall deliver to the other Contracting Party:

- (a) written notice of the claim submitted to the arbitration no later than 30 days after the date on which the claim was submitted; and
- (b) copies of all pleadings filed in the arbitration.

16. The Contracting Party which is not the disputing Party may make submissions to the arbitral tribunal on a question of interpretation of this Agreement, upon written notice to the disputing parties.

17. The arbitral tribunal may order an interim measure of protection to preserve the rights of the disputing investor, or to facilitate the conduct of arbitral proceedings, including an order to preserve evidence in the possession or control of either of the disputing parties. The arbitral tribunal shall not order attachment or enjoin the application of the measure alleged to constitute a breach referred to in paragraph 1.

18. The award rendered by the arbitral tribunal shall include:

- (a) a judgment whether or not there has been a breach by the disputing Party of any obligation under this Agreement with respect to the disputing investor and its investments; and
- (b) a remedy if there has been such breach. The remedy shall be limited to one or both of the following:
 - (i) payment of monetary damages and applicable interest; and
 - (ii) restitution of property, in which case the award shall provide that the disputing Party may pay monetary damages and any applicable interest in lieu of restitution.

Costs may also be awarded in accordance with the applicable arbitration rules.

19. The award rendered in accordance with paragraph 18 shall be final and binding upon the disputing parties. The disputing Party shall carry out without delay the provisions of the award and provide in its Area for the enforcement of the award in accordance with its relevant laws and regulations.

20. Neither Contracting Party shall give diplomatic protection, or bring an international claim, in respect of an investment dispute which the other Contracting Party and an investor of the former Contracting Party have consented to submit or submitted to arbitration set forth in paragraph 4, unless the other Contracting Party shall have failed to abide by and comply with the award rendered in such investment dispute. Diplomatic protection, for the purposes of this paragraph, shall not include informal diplomatic exchanges for the sole purpose of facilitating a settlement of the investment dispute.

Article 18

1. For the purposes of this Agreement other than Article 13, Articles XX and XXI of the General Agreement on Tariffs and Trade 1994 ("GATT 1994") and Articles XIV and XIV bis of the General Agreement on Trade in Services in Annex 1B to the WTO Agreement ("the GATS") are incorporated into and form part of this Agreement, *mutatis mutandis*.

2. In cases where a Contracting Party takes any measure, pursuant to paragraph 1, that does not conform with the obligations under this Agreement other than Article 13, which it implements after this Agreement enters into force, the Contracting Party shall make reasonable effort to notify the other Contracting Party of the description of such measure either before the measure is taken or as soon as possible thereafter.

Article 19

1. A Contracting Party may adopt or maintain measures not conforming with its obligations under Article 2 relating to cross-border capital transactions and Article 15:

- (a) in the event of serious balance-of-payments and external financial difficulties or threat thereof; or
- (b) in cases where, in exceptional circumstances, movements of capital cause or threaten to cause serious difficulties for macroeconomic management, in particular, monetary and exchange rate policies.

2. Measures referred to in paragraph 1 above:

- (a) shall be consistent with the Articles of Agreement of the International Monetary Fund, as may be amended, so long as the Contracting Party taking the measures is a party to the said Articles;
- (b) shall not exceed those necessary to deal with the circumstances set out in paragraph 1 above;
- (c) shall be temporary and shall be eliminated as soon as conditions permit;
- (d) shall be promptly notified to the other Contracting Party; and
- (e) shall avoid unnecessary damages to the commercial, economic and financial interests of the other Contracting Party.

3. Nothing in this Agreement shall be regarded as altering the rights enjoyed and obligations undertaken by a Contracting Party as a party to the Articles of Agreement of the International Monetary Fund, as may be amended.

Article 20

1. Notwithstanding any other provisions of this Agreement, a Contracting Party shall not be prevented from taking measures relating to financial services for prudential reasons, including measures for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by an enterprise supplying financial services, or to ensure the integrity and stability of its financial system.

2. In cases where a Contracting Party takes any measure, pursuant to paragraph 1 above, that does not conform with the obligations of the provisions of this Agreement, that Contracting Party shall not use such measure as a means of avoiding its obligations.

Article 21

1. Nothing in this Agreement shall be construed so as to derogate from the rights and obligations under multilateral agreements in respect of protection of intellectual property rights to which the Contracting Parties are parties.

2. Nothing in this Agreement shall be construed so as to oblige either Contracting Party to extend to investors of the other Contracting Party and their investments treatment accorded to investors of a non-Contracting Party and their investments by virtue of multilateral agreements in respect of protection of intellectual property rights, to which the former Contracting Party is a party.

3. The Contracting Parties shall give due consideration to the adequate and effective protection of intellectual property rights and shall promptly consult with each other for this purpose at the request of either Contracting Party. Depending on the results of the consultation, each Contracting Party shall, in accordance with its applicable laws and regulations, take appropriate measures to remove the factors which are recognized as having adverse effects to the investments.

Article 22

1. Nothing in this Agreement shall apply to taxation measures except as expressly provided for in paragraphs 2, 3 and 4 of this Article.

2. Articles 1, 5, 8, 12, 25 and 27 shall apply to taxation measures.

3. Articles 16 and 17 shall apply to disputes under paragraph 2 above.

4. Article 23 shall apply to taxation measures regarding matters set out in paragraph 2 of this Article.

Article 23

1. The Contracting Parties shall establish a Joint Committee (hereinafter referred to as "the Committee") with a view to accomplishing the objectives of this Agreement. The functions of the Committee shall be:

- (a) to discuss and review the implementation and operation of this Agreement;
- (b) to review the exceptional measures maintained, amended, modified or adopted pursuant to paragraph 1 of Article 7 for the purpose of contributing to the reduction or elimination of such exceptional measures;

- (c) to discuss the exceptional measures adopted or maintained pursuant to paragraph 2 of Article 7 for the purpose of encouraging favorable conditions for investors of the Contracting Parties; and
- (d) to discuss any other investment-related matters concerning this Agreement.

2. The Committee may, as necessary, make appropriate recommendations by consensus to the Contracting Parties for the more effective functioning or the attainment of the objectives of this Agreement.

3. The Committee shall be composed of representatives of the Contracting Parties. The Committee shall determine its own rules of procedure to carry out its functions.

4. The Committee may establish sub-committees and delegate specific tasks to such sub-committees. The Committee, upon mutual consent of the Contracting Parties, may hold joint meetings with the private sectors.

5. The Committee shall meet upon the request of either Contracting Party.

Article 24

The Contracting Parties shall refrain from encouraging investment by investors of the other Contracting Party by relaxing environmental measures. To this effect each Contracting Party should not waive or otherwise derogate from such environmental measures as an encouragement for the establishment, acquisition or expansion in its Area of investments by investors of the other Contracting Party.

Article 25

In fulfilling the obligations under this Agreement, each Contracting Party shall take such reasonable measures as may be available to it to ensure the observance of this Agreement by local governments in its Area.

Article 26

1. A Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party that is an enterprise of the other Contracting Party and to its investments if the enterprise is owned or controlled by an investor of a non-Contracting Party and the denying Contracting Party:

- (a) does not maintain diplomatic relations with the non-Contracting Party; or
- (b) adopts or maintains measures with respect to the non-Contracting Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Agreement were accorded to the enterprise or to its investments.

2. Subject to prior notification and consultation, a Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party that is an enterprise of the other Contracting Party and to its investments if the enterprise is owned or controlled by an investor of a non-Contracting Party and the enterprise has no substantial business activities in the Area of the other Contracting Party.

Article 27

1. This Agreement shall enter into force on the thirtieth day after the date of exchange of diplomatic notes informing each other that their respective legal procedures necessary for the entry into force of this Agreement have been completed. It shall remain in force for a period of ten years after its entry into force and shall continue in force unless terminated as provided in paragraph 2 below. This Agreement shall also apply to all investments of investors of either Contracting Party acquired in the Area of the other Contracting Party in accordance with the applicable laws and regulations of that other Contracting Party prior to the entry into force of this Agreement.

2. A Contracting Party may, by giving one year's advance notice in writing to the other Contracting Party, terminate this Agreement at the end of the initial ten year period or at any time thereafter.

3. In respect of investments acquired prior to the date of termination of this Agreement, the provisions of this Agreement shall continue to be effective for a period of ten years from the date of termination of this Agreement.

4. This Agreement shall not apply to claims arising out of events which occurred, or to claims which had been settled, prior to its entry into force.

5. The Annexes to this Agreement shall form an integral part of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE in duplicate at Tokyo, on this fourteenth day of June, 2007, in the English language.

FOR JAPAN:

安倍晋三

FOR THE KINGDOM OF CAMBODIA:

Hun Sen

Annex I referred to in Article 7
Existing non-conforming measures

1. The Schedule of a Contracting Party sets out, pursuant to paragraph 1 of Article 7, the reservations taken by that Contracting Party with respect to existing measures that do not conform with obligations imposed by:

- (a) Article 2 (National Treatment);
- (b) Article 3 (Most-Favored-Nation Treatment); or
- (c) Article 6 (Prohibition of Performance Requirements)

2. Each reservation sets out the following elements:

- (a) "Sector" refers to the general sector in which a reservation is taken;
- (b) "Sub-Sector" refers to the specific sector in which a reservation is taken;
- (c) "Industry Classification" refers, where applicable, to the activity covered by the reservation according to domestic industry classification codes;
- (d) "Type of Reservation" specifies the obligation referred to in paragraph 1 above for which a reservation is taken;
- (e) "Level of Government" indicates the level of government maintaining the measure for which a reservation is taken;
- (f) "Measures" identifies the existing laws, regulations or other measures for which the reservation is taken; and
- (g) "Description" sets out, with regard to the obligations referred to in paragraph 1 above, the non-conforming aspects of the existing measures for which the reservation is taken.

3. In the interpretation of a reservation, all elements of the reservation shall be considered. A reservation shall be interpreted in the light of the relevant provisions of this Agreement against which the reservation is taken. The "Measures" element shall prevail over all the other elements.

4. For the purposes of this Annex I, the term "JSIC" means Japan Standard Industrial Classification as set out in the Statistics Bureau, Ministry of Internal Affairs and Communications, revised on March 7, 2002.

Schedule of Japan

1. Sector: Agriculture, Forestry and Fisheries
(Plant Breeder's Right)
- Sub-Sector:
- Industry Classification: JSIC 0119 Miscellaneous crop farming
JSIC 0243 Tree seed gathering and forest nursery services
JSIC 0413 Seaweed aquaculture
JSIC 0415 Seed aquaculture
- Type of Reservation: National Treatment (Article 2)
Most-Favored-Nation Treatment (Article 3)
- Level of Government: Central Government
- Measures: Seeds and Seedlings Law
(Law No.83 of 1998), Article 10
- Description: A foreign person who has neither a domicile nor residence (nor the place of business, in the case of a legal person) in Japan cannot enjoy a plant breeder's right or related rights except in any of the following cases:
- (a) where the country of which the person is a national or the country in which the person has a domicile or residence (or its place of business, in the case of a legal person) is a contracting party to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972, on October 23, 1978, and on March 19, 1991;

- (b) where the country of which the person is a national or the country in which the person has a domicile or residence (or its place of business, in the case of a legal person) is a contracting party to the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972 and on October 23, 1978 (hereinafter referred to in this Annex as "the 1978 UPOV Convention"), or a country in relation with which Japan shall apply the 1978 UPOV Convention in accordance with paragraph (2) of Article 34 of the 1978 UPOV Convention, and further provides the protection for plant genus and species to which the person's applied variety belongs; or
- (c) where the country of which the person is a national provides Japanese nationals with the protection of varieties under the same condition as its own nationals (including a country which provides such protection for Japanese nationals under the condition that Japan allows enjoyment of the plant breeder's right or related rights for the nationals of that country), and further provides the protection for plant genus and species to which the person's applied variety belongs.

2	Sector:	Finance	
	Sub-Sector:	Banking	
	Industry Classification:	JSIC 612	Banks, except Central Bank
		JSIC 621	Financial institutions for small businesses
	Type of Reservation:	National Treatment (Article 2)	
	Level of Government:	Central Government	
	Measures:	Deposit Insurance Law (Law No. 34 of 1971), Article 2	
	Description:	The deposit insurance system only covers financial institutions which have their head offices within the jurisdiction of Japan.	

3 Sector: Heat Supply

Sub-Sector:

Industry Classification: JSIC 3511 Heat supply

Type of Reservation: National Treatment (Article 2)

Level of Government: Central Government

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order of Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in the heat supply industry in Japan.

4 Sector: Information and Communications

Sub-Sector: Telecommunications

Industry Classification: JSIC 3721 Regional tele-communications, except wired broadcast telephones

JSIC 3741 Services incidental to telecommunications

Type of Reservation: National Treatment (Article 2)
Prohibition of Performance Requirements (Article 6)

Level of Government: Central Government

Measures: Law Concerning Nippon Telegraph and Telephone Corporation (Law No. 85 of 1984), Articles 6 and 10

Description: 1. Nippon Telegraph and Telephone Corporation may not enter the name and address in its register of shareholders if the aggregate of the ratio of the voting rights directly and/or indirectly held by the persons set forth in subparagraphs (a) through (c) reaches or exceeds one third:

- (a) a natural person who does not have Japanese nationality;
- (b) a foreign government or its representative; and
- (c) a foreign legal person or a foreign entity.

2. Any natural person who does not have Japanese nationality may not assume the office of director or auditor of Nippon Telegraph and Telephone Corporation, Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation.

5	Sector:	Information and Communications	
	Sub-Sector:	Telecommunications and Internet Based Services	
	Industry Classification:	JSIC 3721	Regional tele-communications, except wired broadcast telephones
		JSIC 3722	Long-distance telecommunications
		JSIC 3729	Miscellaneous fixed telecommunications
		JSIC 3731	Mobile telecommunications
		JSIC 4011	Internet based services
		<p>Note: The activities covered by the reservation under JSIC 3721, 3722, 3729, 3731 or 4011 are limited to the activities which are subject to the registration obligation under Article 9 of the Telecommunications Business Law (Law No. 86 of 1984).</p>	
	Type of Reservation:	National Treatment (Article 2)	
	Level of Government:	Central Government	
	Measures:	<p>Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27</p> <p>Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3</p>	
	Description:	<p>The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in telecommunications business and internet based services in Japan.</p>	

6 Sector: Manufacturing

 Sub-Sector: Drugs and Medicines Manufacturing

 Industry JSIC 1763 Biological preparations
Classification:

 Type of National Treatment (Article 2)
Reservation:

 Level of Central Government
Government:

 Measures: Foreign Exchange and Foreign Trade
 Law (Law No. 228 of 1949), Article 27

 Cabinet Order on Foreign Direct
 Investment (Cabinet Order No. 261 of
 1980), Article 3

 Description: The prior notification requirement
 under the Foreign Exchange and
 Foreign Trade Law applies to foreign
 investors who intend to make
 investments in biological
 preparations manufacturing industry
 in Japan. For greater certainty,
 "biological preparations
 manufacturing industry" deals with
 economic activities in establishment
 which mainly produces vaccine, serum,
 toxoid, antitoxin and some
 preparations similar to the
 aforementioned products, or blood
 products.

7	Sector:	Manufacturing	
	Sub-Sector:	Leather and Leather Products Manufacturing	
	Industry Classification:	JSIC 1257	Fur apparel and apparel accessories
		JSIC 1259	Textile apparel and accessories, n.e.c.
		JSIC 1794	Gelatine and adhesives
		JSIC 202	Rubber and plastic footwear and its findings
		JSIC 21	Manufacture of leather tanning, leather products and fur skins
		JSIC 3234	Sporting and athletic goods
		Note 1: The activities covered by the reservation under JSIC 1259 or 3234 are limited to the activities related to leather and leather products manufacturing.	
		Note 2: The activities covered by the reservation under JSIC 1794 are limited to the activities related to animal glue (nikawa) and gelatine manufacturing.	
	Type of Reservation:	National Treatment (Article 2)	
	Level of Government:	Central Government	
	Measures:	Foreign Exchange and Foreign Trade Law (Law No.228 of 1949), Article 27	
		Cabinet Order on Foreign Direct Investment (Cabinet Order No.261 of 1980), Article 3	

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in leather and leather products manufacturing industry in Japan.

8 Sector: Matters Related to the Nationality of a Ship

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 2)
Prohibition of Performance Requirements (Article 6)

Level of Government: Central Government

Measures: Ship Law (Law No. 46 of 1899), Article 1

Description: The Japanese nationality shall be given to a ship whose owner is a Japanese national, or a company established under Japanese law, of which all the representatives and not less than two-thirds of the executives administering the affairs are Japanese nationals.

9 Sector: Mining

Sub-Sector:

Industry Classification: JSIC 05 Mining

Type of Reservation: National Treatment (Article 2)

Level of Government: Central Government

Measures: Mining Law (Law No. 289 of 1950), Chapters 2 and 3

Description: Only a Japanese national or a Japanese legal person may have mining rights or mining lease rights.

10 Sector: Oil Industry

Sub-Sector:

Industry Classification:	JSIC 053	Crude petroleum and natural gas production
	JSIC 181	Petroleum refining
	JSIC 182	Lubricating oils and greases (not made in petroleum refineries)
	JSIC 1841	Paving materials
	JSIC 1899	Miscellaneous petroleum and coal products
	JSIC 4711	Warehousing
	JSIC 4721	Refrigerated warehousing
	JSIC 5231	Petroleum (wholesale trade)
	JSIC 6031	Petrol stations (gasoline service stations)
	JSIC 6032	Fuel stores, except gasoline service stations
	JSIC 9099	Miscellaneous business services, n.e.c.

Note 1: The activities covered by the reservation under JSIC 1841, 1899, 4711, 4721 or 6032 are limited to the activities related to oil industry.

Note 2: The activities covered by the reservation under JSIC 9099 are limited to the activities related to liquefied petroleum gas industry.

Type of Reservation:	National Treatment (Article 2)
Level of Government:	Central Government
Measures:	Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3
Description:	The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in oil industry in Japan. All organic chemicals such as ethylene, ethylene glycol and polycarbonates are outside the scope of the oil industry. Therefore, the prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.

11 Sector: Agriculture, Forestry and Fisheries, and Related Services (except fisheries within the territorial sea, internal waters, exclusive economic zone and continental shelf provided for in the reservation No.7 in Schedule of Japan in Annex II)

Sub-Sector:

Industry Classification:	JSIC 01	Agriculture
	JSIC 02	Forestry
	JSIC 03	Fisheries
	JSIC 04	Aquaculture
	JSIC 6224	Agricultural cooperatives
	JSIC 6225	Fishery and fishery processing cooperatives
	JSIC 791	Agriculture, forestry and fisheries cooperative associations, n.e.c.

Type of Reservation: National Treatment (Article 2)

Level of Government: Central Government

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in agriculture, forestry and fisheries, and related services (except fisheries within the territorial sea, internal waters, exclusive economic zone and continental shelf provided for in the reservation No.7 in Schedule of Japan in Annex II) in Japan.

12 Sector: Security Guard Services

Sub-Sector:

Industry Classification: JSIC 9061 Guard services

Type of Reservation: National Treatment (Article 2)

Level of Government: Central Government

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in security guard services in Japan.

13 Sector: Transport

Sub-Sector: Air Transport

Industry Classification: JSIC 4611 Air transport

Type of Reservation: National Treatment (Article 2)
Most-Favored-Nation Treatment (Article 3)
Prohibition of Performance Requirements (Article 6)

Level of Government: Central Government

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3
Civil Aeronautics Law (Law No. 231 of 1952), Chapters 7 and 8

Description: 1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in air transport business in Japan.

2. A permission of the Minister of Land, Infrastructure and Transport for conducting air transport business as a Japanese air carrier is not granted to the following natural persons or entities applying for the permission:

(a) a natural person who does not have Japanese nationality;

(b) a foreign country, or a foreign public entity or its equivalent;

- (c) a legal person or other entity constituted under the laws of any foreign country; and
- (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

In the event a person conducting aerial work business becomes a natural person or an entity referred to in subparagraphs (a) through (d), the permission will lose its effect. The conditions for the permission also apply to companies, such as holding companies, which have substantial control over the air carriers.

3. Japanese air carriers or the companies having substantial control over the air carriers, such as holding companies, may reject the request from a natural person or an entity set forth in subparagraphs 2(a) through (c), who owns equity investments in such air carriers or companies, to enter its name and address in the register of shareholders, in the event such air carriers or companies become natural persons or entities referred to in subparagraph 2(d) by accepting such request.

4. Foreign air carriers are required to obtain permissions of the Minister of Land, Infrastructure and Transport to conduct international air transport business.

5. Permission of the Minister of Land, Infrastructure and Transport is required for the use of foreign aircraft for air transportation of passengers or cargoes to and from Japan for remuneration.

6. A foreign aircraft may not be used for a flight and for transporting passengers or cargoes for remuneration, between points within Japan.

14	Sector:	Transport
	Sub-Sector:	Air Transport
	Industry Classification:	JSIC 4621 Aircraft service, except air transport
	Type of Reservation:	National Treatment (Article 2) Prohibition of Performance Requirements (Article 6)
	Level of Government:	Central Government
	Measures:	Foreign Exchange and Foreign Trade Law (Law No.228 of 1949), Article 27 Cabinet Order on Foreign Direct Investment (Cabinet Order No.261 of 1980), Article 3 Civil Aeronautics Law (Law No.231 of 1952), Chapters 7 and 8
	Description:	<p>1. The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in aerial work business in Japan.</p> <p>2. A permission of the Minister of Land, Infrastructure and Transport for conducting aerial work business is not granted to the following natural persons or entities applying for the permission:</p> <ul style="list-style-type: none"> (a) a natural person who does not have Japanese nationality; (b) a foreign country, or a foreign public entity or its equivalent; (c) a legal person or other entity constituted under the laws of any foreign country; and

- (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

In the event a person conducting aerial work business becomes a natural person or an entity referred to in subparagraphs (a) through (d), the permission will lose its effect. The conditions for the permission also apply to companies, such as holding companies, which have substantial control over the person conducting aerial work business.

3. A foreign aircraft may not be used for a flight between points within Japan.

15 Sector: Transport

 Sub-Sector: Air Transport (Registration of
 Aircraft in the National Register)

 Industry
 Classification:

 Type of National Treatment (Article 2)
 Reservation: Prohibition of Performance
 Requirements (Article 6)

 Level of Central Government
 Government:

 Measures: Civil Aeronautics Law (Law No. 231 of
 1952), Chapter 2

 Description: 1. An aircraft owned by any of the
 following natural persons or entities
 may not be registered in the national
 register:

 (a) a natural person who does not
 have Japanese nationality;

 (b) a foreign country, or a foreign
 public entity or its equivalent;

 (c) a legal person or other entity
 constituted under the laws of
 any foreign country; and

 (d) a legal person represented by
 the natural persons or entities
 referred to in subparagraph (a),
 (b) or (c); a legal person of
 which more than one-third of the
 members of the board of
 directors are composed of the
 natural persons or entities
 referred to in subparagraph (a),
 (b) or (c); or a legal person of
 which more than one-third of the
 voting rights are held by the
 natural persons or entities
 referred to in subparagraph (a),
 (b) or (c).

 2. A foreign aircraft may not be
 registered in the national register.

16 Sector: Transport

Sub-Sector: Freight Forwarding Business
(excluding freight forwarding
business using air transportation)

Industry Classification: JSIC 4441 Collect-and-deliver
freight transport

JSIC 4821 Deliver freight
transport, except
collect-and-deliver
freight transport

Type of Reservation: National Treatment (Article 2)

Most-Favored-Nation Treatment
(Article 3)

Prohibition of Performance
Requirements (Article 6)

Level of Government: Central Government

Measures: Freight Forwarding Business Law (Law
No. 82 of 1989), Chapters 2, 3 and 4

Enforcement Regulation of Freight
Forwarding Business Law (Ministerial
Ordinance of the Ministry of
Transport No. 20 of 1990)

Description: The following natural persons or
entities are required to be
registered with, or to obtain
permission or approval of, the
Minister of Land, Infrastructure and
Transport for conducting freight
forwarding business using
international shipping. Such
registration shall be permitted, or
such permission or approval shall be
granted, on the basis of reciprocity:

(a) a natural person who does not
have Japanese nationality;

(b) a foreign country, or a foreign
public entity or its equivalent;

- (c) a legal person or other entity constituted under the laws of any foreign country; and
- (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

17 Sector: Transport

Sub-Sector: Freight Forwarding Business (only freight forwarding business using air transportation)

Industry Classification: JSIC 4441 Collect-and-deliver freight transport

JSIC 4821 Deliver freight transport, except collect-and-deliver freight transport

Type of Reservation: National Treatment (Article 2)

Most-Favored-Nation Treatment (Article 3)

Prohibition of Performance Requirements (Article 6)

Level of Government: Central Government

Measures: Freight Forwarding Business Law (Law No. 82 of 1989), Chapters 2, 3 and 4

Enforcement Regulation of Freight Forwarding Business Law (Ministerial Ordinance of the Ministry of Transport No. 20 of 1990)

Description: 1. The following natural persons or entities may not conduct freight forwarding business using air transportation between points within Japan:

- (a) a natural person who does not have Japanese nationality;
- (b) a foreign country, or a foreign public entity or its equivalent;
- (c) a legal person or other entity constituted under the laws of any foreign country; and

- (d) a legal person represented by the natural persons or entities referred to in subparagraph (a), (b) or (c); a legal person of which more than one-third of the members of the board of directors are composed of the natural persons or entities referred to in subparagraph (a), (b) or (c); or a legal person of which more than one-third of the voting rights are held by the natural persons or entities referred to in subparagraph (a), (b) or (c).

2. The natural persons or entities referred to in subparagraphs 1(a) through (d) are required to be registered with, or to obtain permission or approval of, the Minister of Land, Infrastructure and Transport for conducting freight forwarding business using international air transportation. Such registration shall be permitted, or such permission or approval shall be granted, on the basis of reciprocity.

18 Sector: Transport

Sub-Sector: Railway Transport

Industry Classification: JSIC 42 Railway transport
 JSIC 4851 Railway facilities services

Type of Reservation: National Treatment (Article 2)

Level of Government: Central Government

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in railway transport industry in Japan. The manufacture of vehicles, parts and components for railway transport industry is not included in railway transport industry. Therefore, the prior notification under the Foreign Exchange and Foreign Trade Law is not required for the investments in the manufacture of these products.

19 Sector: Transport

 Sub-Sector: Road Passenger Transport

 Industry JSIC 4311 Common omnibus operators
Classification:

 Type of National Treatment (Article 2)
Reservation:

 Level of Central Government
Government:

 Measures: Foreign Exchange and Foreign Trade
 Law (Law No. 228 of 1949), Article 27

 Cabinet Order on Foreign Direct
 Investment (Cabinet Order No. 261 of
 1980), Article 3

 Description: The prior notification requirement
 under the Foreign Exchange and
 Foreign Trade Law applies to foreign
 investors who intend to make
 investments in omnibus industry in
 Japan. The manufacture of vehicles,
 parts and components for omnibus
 industry is not included in omnibus
 industry. Therefore, the prior
 notification under the Foreign
 Exchange and Foreign Trade Law is not
 required for the investments in the
 manufacture of these products.

20 Sector: Transport

Sub-Sector: Water Transport

Industry Classification: JSIC 452 Coastwise transport
 JSIC 453 Inland water transport
 JSIC 4542 Coastwise ship leasing

Type of Reservation: National Treatment (Article 2)

Level of Government: Central Government

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27
 Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in water transport industry in Japan. For greater certainty, "water transport industry" refers to oceangoing/seagoing transport, coastwise transport (i.e. maritime transport between ports within Japan), inland water transport and ship leasing industry. However, oceangoing/seagoing transport industry and ship leasing industry excluding coastwise ship leasing industry are exempted from the prior notification requirement.

21	Sector:	Transport
	Sub-Sector:	Water Transport
	Industry Classification:	
	Type of Reservation:	National Treatment (Article 2) Most-Favored-Nation Treatment (Article 3)
	Level of Government:	Central Government
	Measures:	Ship Law (Law No. 46 of 1899), Article 3
	Description:	Unless otherwise specified in laws and regulations of Japan or international agreements to which Japan is a party, ships not flying the Japanese flag are prohibited from entering Japanese ports which are not open to foreign commerce and from carrying cargoes or passengers between Japanese ports.

22 Sector: Water Supply and Waterworks

Sub-Sector:

Industry Classification: JSIC 3611 Water for end users, except industrial users

Type of Reservation: National Treatment (Article 2)

Level of Government: Central Government

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Description: The prior notification requirement under the Foreign Exchange and Foreign Trade Law applies to foreign investors who intend to make investments in water supply and waterworks industry in Japan.

Schedule of Cambodia

1	Sector:	Land Ownership
	Industry Classification:	
	Type of Reservation:	National Treatment (Article 2)
	Level of Government:	Central Government and Province/Municipality
	Measures:	Constitution of the Kingdom of Cambodia, Article 44
	Description:	Only Cambodian legal entities and citizens of Cambodian nationality shall have the right to own land.

2	Sector:	All sectors
	Industry Classification:	
	Type of Reservation:	National Treatment (Article 2) Prohibition of Performance Requirements (Article 6)
	Level of Government:	Central Government and Province/Municipality
	Measures:	<ul style="list-style-type: none"> - Labor Law, Article 21 and Article 264 - Prakas No. 162 MOSALVY dated 16 July 2001 on the use of the foreign manpower issued by the Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation.
	Description:	<p>The maximum percentage of foreigners who may be allowed to be employed in each of the enterprises shall not exceed 10% of the total number of Cambodian employees and the maximum rate of 10% shall be divided into the following categories of employees:</p> <ol style="list-style-type: none"> 1. Office personnel 3%; 2. Specialized personnel 6%; and 3. Non-specialized personnel 1%. <p>Note: (a) Foreign labor can be exceeding the above limit with the authorization of the Ministry of Labor and Vocational Training.</p>

- (b) An employer can directly recruit workers for his enterprise, but he must meet the requirement mention in article 21 of the Labor Law on declaration in which the movement of hiring labor must be made within 15 days at the latest after the date of hiring.
- (c) An employer is required to notify any vacancies in his enterprise or any new need of personnel to the Ministry of Labor and Vocational Training/ provincial Employment Office.

Annex II referred to in Article 7
Sectors, sub-sectors or activities
with respect to which a Contracting Party
adopts or maintains non-conforming measures

1. The Schedule of a Contracting Party sets out, pursuant to paragraph 2 of Article 7, the reservations taken by that Contracting Party with respect to specific sectors, sub-sectors or activities for which it may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 2 (National Treatment);
- (b) Article 3 (Most-Favored-Nation Treatment); or
- (c) Article 6 (Prohibition of Performance Requirements).

2. Each reservation sets out the following elements:

- (a) "Sector" refers to the general sector in which a reservation is taken;
- (b) "Sub-Sector" refers to the specific sector in which a reservation is taken;
- (c) "Industry Classification" refers, where applicable, to the activity covered by the reservation according to domestic industry classification codes;
- (d) "Type of Reservation" specifies the obligation referred to in paragraph 1 above for which a reservation is taken;
- (e) "Description" sets out the scope of the sector, sub-sector or activities covered by the reservation; and
- (f) "Measures" identifies, for transparency purposes, existing measures that apply to the sector, sub-sector or activities covered by the reservation.

3. In the interpretation of a reservation, all elements of the reservation shall be considered. The "Description" element shall prevail over all other elements.

4. For the purposes of this Annex II, the term "JSIC" means Japan Standard Industrial Classification as set out in the Statistics Bureau, Ministry of Internal Affairs and Communications, revised on March 7, 2002.

Schedule of Japan

1	Sector:	All Sectors
	Sub-Sector:	
	Industry Classification:	
	Type of Reservation:	National Treatment (Article 2) Prohibition of Performance Requirements (Article 6)
	Description:	When transferring or disposing of its equity interests in, or the assets of, a state enterprise or a governmental entity, Japan reserves the right to: (a) prohibit or impose limitations on the ownership of such interests or assets by investors of the Kingdom of Cambodia or their investments; (b) impose limitations on the ability of investors of the Kingdom of Cambodia or their investments as owners of such interests or assets to control any resulting enterprise; or (c) adopt or maintain any measure relating to the nationality of executives, managers or members of the board of directors of any resulting enterprise.
	Measures:	

2 Sector: All Sectors

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 2)
Prohibition of Performance
Requirements (Article 6)

Description: In the event where the supply of telegraph services, postal services and betting and gambling services, manufacture of tobacco products, manufacture of Bank of Japan notes, minting and sale of coinage in Japan, which are restricted to designated enterprises or governmental entities, are liberalized to those other than the designated enterprises or governmental entities, or in the event where such designated enterprises or governmental entities no longer operate on a non-commercial basis, Japan reserves the right to adopt or maintain any measure relating to those activities.

Measures:

3 Sector: All Sectors

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 2)
Most-Favored-Nation Treatment
(Article 3)

Description: National Treatment and Most-Favored-
Nation Treatment may not be accorded
to investors of the Kingdom of
Cambodia and their investments with
respect to subsidies.

Measures:

4	Sector:	Aerospace Industry	
	Sub-Sector:	Aircraft Industry	
		Space Industry	
	Industry Classification:	JSIC 271	Manufacture of electrical generating, transmission, distribution and industrial apparatus
		JSIC 274	Manufacture of electronic equipment
		JSIC 275	Manufacture of electric measuring instruments
		JSIC 279	Manufacture of miscellaneous electrical machinery equipment and supplies
		JSIC 28	Manufacture of information and communication electronics equipment
		JSIC 29	Manufacture of electronic parts and devices
		JSIC 304	Manufacture of aircraft and parts
		JSIC 3059	Manufacture of miscellaneous industrial trucks and parts and accessories
		JSIC 3099	Manufacture of transportation equipment, n.e.c.
		JSIC 8711	General machine repair shops, except construction and mining machinery
		JSIC 872	Electrical machinery, apparatus, appliances and supplies repair shop

Note: The activities covered by the reservation under JSIC 271, 274, 275, 279, 28, 29, 3059, 3099, 8711 or 872 are limited to the activities related to aircraft and space industry.

Type of
Reservation:

National Treatment (Article 2)

Prohibition of Performance
Requirements (Article 6)

Description:

Japan reserves the right to adopt or maintain any measure relating to investments in aircraft industry and space industry.

Measures:

Foreign Exchange and Foreign Trade
Law (Law No. 228 of 1949), Articles
27 and 30

Cabinet Order on Foreign Direct
Investment (Cabinet Order No. 261 of
1980), Articles 3 and 5

5	Sector:	Arms and Explosives Industry	
	Sub-Sector:	Arms Industry	
		Explosives Manufacturing Industry	
	Industry Classification:	JSIC 1791	Manufacture of explosives
		JSIC 271	Manufacture of electrical generating, transmission, distribution and industrial apparatus
		JSIC 274	Manufacture of electronic equipment
		JSIC 275	Manufacture of electric measuring instruments
		JSIC 279	Manufacture of miscellaneous electrical machinery equipment and supplies
		JSIC 28	Manufacture of information and communication electronics equipment
		JSIC 29	Manufacture of electronic parts and devices
		JSIC 303	Shipbuilding and repairing, and manufacture of marine engines
		JSIC 3059	Manufacture of miscellaneous industrial trucks and parts and accessories
		JSIC 3099	Manufacture of transportation equipment, n.e.c.
		JSIC 3281	Manufacture of ordnance and accessories

JSIC 8711 General machine repair shops, except construction and mining machinery

JSIC 872 Electrical machinery, apparatus, appliances and supplies repair shop

Note: The activities covered by the reservation under JSIC 271, 274, 275, 279, 28, 29, 303, 3059, 3099, 8711 or 872 are limited to the activities related to arms industry.

Type of
Reservation:

National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Description:

Japan reserves the right to adopt or maintain any measure relating to investments in arms industry and explosives manufacturing industry.

Measures:

Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Articles 27 and 30

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Articles 3 and 5

6	Sector:	Energy
	Sub-Sector:	Electricity Utility Industry
		Gas Utility Industry
		Nuclear Energy Industry
	Industry Classification:	JSIC 0519 Miscellaneous metal mining (limited to nuclear materials)
		JSIC 2491 Manufacture of nuclear fuel
		JSIC 271 Manufacture of electrical generating, transmission, distribution and industrial apparatus
		JSIC 274 Manufacture of electronic equipment
		JSIC 275 Manufacture of electric measuring instruments
		JSIC 279 Manufacture of miscellaneous electrical machinery equipment and supplies
		JSIC 28 Manufacture of information and communication electronics equipment
		JSIC 29 Manufacture of electronic parts and devices
		JSIC 303 Shipbuilding and repairing, and manufacture of marine engines
		JSIC 3059 Manufacture of miscellaneous industrial trucks and parts and accessories

JSIC 3099 Manufacture of
 transportation
 equipment, n.e.c.

JSIC 331 Production, transmission
 and distribution of
 electricity

JSIC 3411 Gasworks

JSIC 3412 Gas distribution

JSIC 3413 Gas establishments (main
 office, office)

JSIC 8711 General machine repair
 shops, except
 construction and mining
 machinery

JSIC 872 Electrical machinery,
 apparatus, appliances
 and supplies repair shop

Note: The activities covered by the reservation under JSIC 271, 274, 275, 279, 28, 29, 303, 3059, 3099, 8711 or 872 are limited to the activities related to nuclear energy industry.

Type of
Reservation: National Treatment (Article 2)

 Prohibition of Performance
 Requirements (Article 6)

Description: Japan reserves the right to adopt or
 maintain any measure relating to
 investments in the energy industry
 listed in the "Sub-Sector" element.

Measures: Foreign Exchange and Foreign Trade
 Law (Law No. 228 of 1949), Articles
 27 and 30

 Cabinet Order on Foreign Direct
 Investment (Cabinet Order No. 261 of
 1980), Articles 3 and 5

7 Sector: Fisheries

Sub-Sector: Fisheries within the Territorial Sea, Internal Waters, Exclusive Economic Zone and Continental Shelf

Industry Classification: JSIC 031 Marine fisheries
 JSIC 032 Inland water fisheries
 JSIC 041 Marine aquaculture
 JSIC 042 Inland water aquaculture
 JSIC 8493 Recreational fishing guide business

Type of Reservation: National Treatment (Article 2)
 Most-Favored-Nation Treatment (Article 3)
 Prohibition of Performance Requirements (Article 6)

Description: Japan reserves the right to adopt or maintain any measure relating to investments in fisheries in the territorial sea, internal waters, exclusive economic zone and continental shelf of Japan.

For the purposes of this reservation, the term "fisheries" means the work of taking and cultivation of aquatic resources, including the following fisheries related services:

- (a) investigation of aquatic resources without taking such resources;
- (b) luring of aquatic resources;
- (c) preservation and processing of fish catches;
- (d) transportation of fish catches and fish products; and
- (e) provision of supplies to other vessels used for fisheries.

Measures:

Foreign Exchange and Foreign Trade
Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct
Investment (Cabinet Order No. 261 of
1980), Article 3

Law for Regulation of Fishing
Operation by Foreign Nationals (Law
No. 60 of 1967), Articles 3, 4 and 6

Law concerning the Exercise of
Sovereign Rights concerning Fisheries
in the Exclusive Economic Zones (Law
No. 76 of 1996), Articles 4, 5, 7, 8,
9, 10, 11, 12 and 14

8 Sector: Information and Communications

Sub-Sector: Broadcasting Industry

Industry Classification: JSIC 381 Public broadcasting, except cablecasting

JSIC 382 Private sector broadcasting, except Cablecasting

JSIC 383 Cablecasting

Type of Reservation: National Treatment (Article 2)

Prohibition of Performance Requirements (Article 6)

Description: Japan reserves the right to adopt or maintain any measure relating to investments in broadcasting industry.

Measures: Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), Article 27

Cabinet Order on Foreign Direct Investment (Cabinet Order No. 261 of 1980), Article 3

Radio Law (Law No. 131 of 1950), Article 5

Broadcast Law (Law No. 132 of 1950), Articles 52-8 and 52-13

9 Sector: Land Transaction

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 2)
Most-Favored-Nation Treatment
(Article 3)

Description: With respect to the acquisition or
lease of land properties in Japan,
prohibitions or restrictions may be
imposed by Cabinet Order on Cambodian
nationals or legal persons, where
Japanese nationals or legal persons
are placed under identical or similar
prohibitions or restrictions in the
Kingdom of Cambodia.

Measures: Alien Land Law (Law No. 42 of 1925),
Article 1

10 Sector: Public Law Enforcement and
Correctional Services and Social
Services

Sub-Sector:

Industry
Classification:

Type of
Reservation: National Treatment (Article 2)
Most-Favored-Nation Treatment
(Article 3)
Prohibition of Performance
Requirements (Article 6)

Description: Japan reserves the right to adopt or
maintain any measure relating to
investments in public law enforcement
and correctional services, and in
social services such as income
security or insurance, social
security or insurance, social
welfare, primary and secondary
education, public training, health
and child care.

Measures:

Schedule of Cambodia

- 1 Sector: Manufacturing (Production/processing of psychotropic substances and narcotic substances)
- Sub-Sector: Production/processing of Narcotic and psychotropic substances of schedule 1,2 and 3 of the 1961 Single Convention on Narcotic Drugs and the 1971 Convention on Psychotropic Substances
- Industry Classification:
- Type of Reservation: National Treatment (Article 2)
Prohibition of Performance Requirements (Article 6)
- Description: Manufacturing of Narcotic and Psychotropic substances of schedule 1 is prohibited in the Kingdom of Cambodia, but the manufacturing of finished products of schedule 2 and 3 could be permitted according to the needs and planning of the Ministry of Health of Cambodia.
- Cambodia reserves the right to adopt or maintain any measures relating to investment in production/processing of psychotropic substances and narcotic substances.
- Measures:
- Law on the controlling of Drugs (0197.01/24 1997) Article 1, Article 2, Article 3 and Article 4.
 - Schedule 1, 2 and 3 of the 1961 Single Convention on Narcotic Drugs and the 1971 Convention on Psychotropic Substances

2 Sector: Manufacturing

Sub-Sector: Production of poisonous chemicals, agriculture pesticide/insecticide and other goods by using chemical substances

Industry Classification:

Type of Reservation: National Treatment (Article 2)
Prohibition of Performance Requirements (Article 6)

Description: Cambodia reserves the right to adopt or maintain any measure relating to investments in production of poisonous chemicals, agriculture pesticide/insecticide and other goods by using chemical substances prohibited by international regulations or the World Health Organization, that affect the public health and environment.

Measures: Prakas No. 598 BRK.KSK dated 15 December 2003 issued by Ministry of Agriculture, Forestry and Fisheries

3 Sector: Energy

Sub-Sector: Processing and production of electricity power by using any waste imported from a foreign country

Industry Classification:

Type of Reservation: National Treatment (Article 2)
Prohibition of Performance Requirements (Article 6)

Description: Cambodia reserves the right to adopt or maintain any measure relating to investments in processing and production of electricity power by using any waste imported from a foreign country.

Measures: Sub-decree No. 36 ANKR BK dated 27 April 1999 on the solid waste management.

4 Sector: Forestry and logging

Sub-Sector: Forestry exploitation business

Industry
Classification:

Type of
Reservation: National Treatment (Article 2)

Description: For the purpose of ensuring the sustainable management of forests for its social, economic and environmental benefits, including conservation of biological diversity and cultural heritage, Cambodia reserves the right to adopt or maintain any measure relating to the investments in the Permanent Forest Reserves except for rubber and eucalyptus plantations.

Measures: Forestry law
(Reach Kram NS/RKM/0802/016 dated 31 August 2002)