

ANNEX I

SCHEDULE OF THE STATE OF ISRAEL

EXPLANATORY NOTE

1. Israel's schedule to this Annex sets out, pursuant to Articles 9.12 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), its existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favoured-Nation Treatment) or 10.3 (Most-Favoured-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Board of Directors)

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 sub-sector for which the entry is made;
- (c) **Industry Classification**, where referenced, and only for transparency purposes, refers to the activity covered by the non-conforming measure, according to domestic or international industry classification codes;
- (d) **Obligations Concerned** specifies the obligations referred to in paragraph 1 that, pursuant to subparagraph 1(a) of Articles 9.12 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the listed measure(s);
- (e) **Measures** identifies the laws, regulations or other measures for which the entry is made. A measure cited in the "Measures" element:
 - (i) means the measure as amended, continued or renewed as of the date of entry into force of this Agreement, and

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and

(f) **Description** sets out the non-conforming measure or provides a general description of the measure for which the entry is made.

3. In the interpretation of an entry, all elements of the entry shall be considered. An entry shall be interpreted in the light of the relevant provisions of this Agreement against which the entry is taken, and the “Measures” element shall prevail over all the other elements.

4. For the purposes of this Annex the term “CPC” means 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).

5. A Schedule entry for a requirement to be an Israeli national or resident is inscribed with respect to Article 10.5 (Local Presence) and Article 10.2 (National Treatment).

6. For greater certainty, a Schedule entry for a requirement to be an Israeli national or resident inscribed with respect to Article 9.3 (National Treatment) or Article 10.2 (National Treatment) shall be considered a limitation with respect to Article 10.4 (Market Access) as well.

7. A requirement for senior management and members of boards of directors, or any committee thereof, to be Israeli nationals or residents is only inscribed as a limitation with respect to Article 9.10 (Senior Management and Boards of Directors).

8. For greater certainty, in accordance with Article 10.1.3, a Schedule entry for a non-conforming measure with respect to Article 10.4 (Market Access) shall also apply to measures adopted or maintained by Israel affecting the supply of a service in its territory through commercial presence, notwithstanding the heading of the Description element.

1	Sector:	All
	Obligations Concerned:	Senior Management and Board of Directors (Article 9.10)
	Measures:	The Companies Law-1999 (Articles 115, 118A, 239 and 240).
	Description:	<p>Investment</p> <p>A public corporation or a company that has issued debt securities to the public (hereafter Debenture Company) must have on its board of directors at least two outside directors.</p> <p>All outside directors of a public company must be Israeli residents.</p> <p>All outside directors shall be members of the audit committee and of the remuneration committee and form a majority thereof. There shall be no fewer than three members in the audit committee and no fewer than three members in the remuneration committee.</p> <p>However, a public company or a debenture company whose shares or debt - or part of them- were offered to the public outside Israel, or that is registered in a stock exchange outside Israel, can appoint outside directors who are not Israeli residents.</p>

2	Sector:	All
	Obligations Concerned:	Performance Requirements (Article 9.9)
	Measures:	Bankruptcy Ordinance, 1980 Companies Law, 1999 (Articles 350-351) Companies Ordinance, 1983
	Description:	Investment When an investor or an investment is declared bankrupt or insolvent and subject to debt restructuring proceedings, Israel may demand a transfer of technology, a production process or other proprietary knowledge to the extent necessary for the proceedings.

3	Sector:	All
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p>
	Measures:	<p>Law for Hazardous Substances, 1993</p> <p>Law for the Prevention of Asbestos Hazards and Damaging Dust, 2011</p> <p>Law of Environmental Treatment of Electrical and Electronic Equipment and Batteries, 2012</p> <p>Water Law, 1959</p> <p>Hazardous Substances Regulations (Import and Export of Hazardous Substances), 1994</p> <p>Law for the Regulation of the Practice of Pest Control, 2016</p> <p>Law for the Treatment of Packing Material, 2011</p> <p>Business Licensing Regulations (Disposal of Hazardous Material Waste), 1990</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Nationality or residency of Israel is required for hazardous substances handler permit. 2. A refuse disposal enterprise for environmental treatment of electrical and electronic equipment and batteries shall employ only nationals or residents of Israel.

3. Certain hazardous materials may only be treated by the Environmental Services Company.
4. Nationality or residency of Israel is required to obtain a permit for collection and treatment of asbestos.
5. At least one employee of an asbestos contractor, that performs dismantling and removal of asbestos, shall be a national or resident of Israel.
6. Export of packaging material waste is limited to 20 percent of the recycling objective in accordance with the Law for the Treatment of Packing Material, 2011.
7. Obtainment of permit for export of hazardous substances requires authorization by the Ministry of Environmental Protection.

4	Sector:	Electronic Signature
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Electronic Signature Law, 2001 (Articles 11 and 22)
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Registration as a “foreign issuer of electronic certificate” may be subject to additional conditions as set out in the Electronic Signature Law, 2001. 2. Registration as an issuer of electronic certificate other than a “foreign issuer of electronic certificate” requires to be a national or resident of Israel or an enterprise incorporated in Israel and having its main operations and center of business in Israel.

5	Sector :	Fishery
	Obligations Concerned:	National Treatment (Article 9.3)
	Measures:	Fishery Regulation, 1937 (Articles 2-3)
	Description:	<p>Investment</p> <p>Issuance, continuation and amendment of fishery license require authorization by the Ministry of Agriculture. Israel reserves the right not to issue a fishery license for foreign nationals or enterprises under Fishery Regulation, 1937.</p>

6	Sector :	Business Services
	Sub-Sector:	Legal Services
	Industry Classification:	CPC 861
	Obligations Concerned:	National Treatment (Article 9.3)
	Measures:	Bar Association Law, 1961 (Articles 20, 42, 98-98M)
	Description:	<p>Investment</p> <ol style="list-style-type: none"> 1. Israeli residency is required for obtaining a license to practice Israeli law. 2. Foreign licensed lawyers may give legal services pertaining to foreign law or international law in Israel provided that they are registered with the Israeli Bar Association.

7	Sector :	Business Services
	Sub-Sector:	Taxation services
	Industry Classification:	CPC 863
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Income Tax Ordinance [New Version], 1961 (Article 236) Regulation of Representation by Tax Consultants Law, 2005 (Article 10)
	Description:	Cross-Border Trade in Services and Investment A corporation's tax return to the Tax Authority must be certified by an auditor licensed in Israel. An auditor may be either an accountant or a tax consultant, licensed in Israel. Israeli residency is required in order to obtain a tax consultancy license.

8	Sector :	Business Services
	Sub-Sector:	Veterinary services
	Industry Classification:	CPC 932
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Veterinarians Law, 1991 (Articles 5 and 17)
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israeli residency or nationality is required to obtain a license. 2. Foreign veterinarians, who are not Israeli residents or nationals, may obtain a permit from the Ministry of Agriculture for advising, teaching and research.

9	Sector :	Business Services
	Sub-Sector:	Tower crane operator; mobile crane operator
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Guidelines for renewing or amending certification for tower crane operators and mobile crane operators, Nb 441679
	Description:	Cross-Border Trade in Services and Investment Israeli residency or nationality is required in order to obtain authorization to operate.

10	Sector:	Business Services
	Sub-Sector:	Investigation services
	Industry Classification:	CPC 87301
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	The Private Investigators and Security Services Law, 1972 (Articles 4, 9-11 and 13).
	Description:	Cross-Border Trade in Services and Investment Israeli residency or nationality is required to obtain a license. Ownership of an investigation corporation may be held only by licensed investigators. An investigation and security corporation may employ only licensed private investigators.

11	Sector:	Business Services
	Sub-Sector:	Disinfecting and exterminating services
	Industry Classification:	CPC 87401
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Law for the Regulation of the Practice of Pest Control, 2016 (Article 7)
	Description:	Cross-Border Trade in Services and Investment Israeli residency or nationality is required to obtain a license.

12	Sector:	Business Services
	Sub-Sector:	Building Cleaning Services, except of disinfecting and exterminating services
	Obligations Concerned:	<p>National Treatment (Articles 9.3 and 10.2)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Measures:	<p>Law of Employment of Workers by Private Employment Contractors, 1996</p> <p>Companies Law, 1999 (Article 1)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>1. A private employment contractor enterprise for employment of workers in the building cleaning services shall appoint at least one position holder who is a national or resident of Israel.</p> <p>2. The granting of a license may be conditioned upon the existence of a local office.</p> <p>Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.</p>

13	Sector:	Communications
	Sub-Sector:	Domestic Fixed Line Services, International Communications Services and Radio and Mobile Telephone Services
	Obligations Concerned:	<p>National Treatment (Articles 9.3 and 10.2)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Measures:	<p>Communications Regulations (Telecommunications and Broadcasting) (Procedures and Conditions for Obtaining a General License for the Provision of Domestic Fixed-Line Telecommunication Services), 2000 (Article 11)</p> <p>Communication Law (Telecommunications and Broadcasting), 1982 (Articles 4-4H and 6-7)</p> <p>Communications Regulations (Telecommunications and Broadcasting) (Procedures and Conditions for Obtaining a Unified General License), 2010 (Article 10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>1. In an enterprise supplying domestic fixed line services:</p> <p>(a) foreign holding is limited to 80 percent;</p> <p>(b) 75 percent of the members of the board of directors shall be nationals of Israel who are residents of Israel; and</p> <p>(c) the director general shall be a national of Israel who is a resident of Israel.</p> <p>2. In an enterprise supplying international communications services:</p> <p>(a) foreign holding is limited to 74 percent;</p>

(b) majority of the members of the board of directors shall be nationals of Israel who are residents of Israel;

(c) the director general shall be a national of Israel who is a resident of Israel; and

(d) the enterprise shall be incorporated in Israel and have its main operations and center of business in Israel.

3. In an enterprise supplying radio and mobile telephone services:

(a) foreign holding is limited to 80 percent;

(b) majority of the members of the board of directors shall be nationals of Israel who are residents of Israel; and

(c) the enterprise shall be incorporated in Israel and have its main operations and center of business in Israel.

14	Sector:	Communications
	Sub-Sector:	Broadcasting
	Obligations Concerned:	<p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Measures:	<p>Broadcasting Authority Law, 1965 (Articles 44C-44F)</p> <p>Communication Law (Telecommunications and Broadcasting), 1982 (Articles 4-4H and 6-7)</p> <p>Communications Regulations (Terms and Conditions for Satellite Broadcasting License), 1998 (Articles 13, 20 and 21)</p> <p>Second Authority for Television and Radio Law, 1990 (Articles 41 and 59)</p> <p>Public Broadcasting Law, 2014 (Article 64)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>1. In an enterprise that holds a license for cable broadcasting at least 26 percent of the means of control in the enterprise shall be held by nationals of Israel who are residents of Israel. The license shall not be granted to an enterprise in which a foreign government holds shares, but the Minister of Communications may authorize an indirect holding in the licensee of up to 10 percent by such an enterprise.</p> <p>2. In an enterprise that holds a license for satellite broadcasting:</p>

(a) at least 26 percent of the means of control in the enterprise shall be held by nationals of Israel who are residents of Israel;

(b) its main operations and center of business are located in Israel;

(c) a majority of its members of the board of directors and any persons in equivalent positions shall be nationals of Israel who are residents of Israel; and

(d) its director general or any persons in equivalent management position shall be a national of Israel who is a resident of Israel.

3. At least 51 percent of the means of control in a holder of a concession for operating commercial television broadcasting or regional radio broadcasting must be held by nationals of Israel who are residents of Israel.

4. In television broadcasting, including satellite and cable broadcasting, each broadcasting enterprise operating under license or concession is committed to spend a certain amount of its annual budget for local production, as defined in the legislation listed in the “Measures” element and to broadcast it.

15	Sector :	Educational services
	Sub-Sector:	Driving instructor
	Industry Classification:	Part of CPC 929
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Road Transport Regulations, 1961 (Articles 213C, 247, 251)
	Description:	Cross-Border Trade in Services and Investment Israeli residency or nationality is required to obtain a driving instructor license.

16	Sector:	Tourism
	Sub-Sector:	Travel Agencies and Tour Operators
		Tourist Guides Services
	Industry Classification:	CPC 7471, 7472
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
		Local Presence (Article 10.5)
	Measures:	Tourism Services Regulations (Tourist Guides), 1967 (Articles 2 and 9E)
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israeli residency or nationality is required for obtaining a tourist guide license. 2. Only licensed tourist guides may be employed by travel agencies and operators to guide their tours in Israel.

17	Sector:	Transport
	Sub-Sector:	Maritime Transport
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Shipping Law (Vessels), 1960 Ports Ordinance, 1971 Ports Regulations (Safety of Navigation), 1982 Shipping Law (Seafarers), 1973 Maritime Regulations (Seafarers), 2002 Maritime Regulations (Seafarers) (Staffing of Vessels and Tugboats with Israeli Seafarers), 2016 Shipping and Ports Authority Law, 2004 Shipping Law (Foreign Sea Vessel under Israeli Control), 2005
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. In order to register in the Israeli vessel registry and carry an Israeli flag, a majority ownership of a vessel by a national of Israel or an enterprise incorporated in Israel or by Israel is required ("Israeli Vessel.") 2. A foreign vessel that is controlled by a national or resident of Israel or by an enterprise incorporated in Israel shall be registered in Israel in accordance with Shipping Law (Foreign Sea Vessel under Israeli Control), 2005 ("Foreign Vessel"). 3. Israeli seafarers are required in order to operate an Israeli vessel or a foreign vessel referred to in paragraph 2.

4. Seafarer certificate requires nationality of Israel. Providing a certificate to non-residents is subject to prior approval by the Administrator of Shipping and Ports.

18	Sector :	Transportation
	Sub-Sector:	Aircraft repair and maintenance services as defined in the GATS Annex on Air Transport Services
	Obligations Concerned:	Market Access (Article 10.4)
	Measures:	Air Navigation Regulations (Approved Maintenance Organizations), 2013 (Article 25)
	Description:	<p>Investment</p> <p>The number of service suppliers of base maintenance and repair in each airport can be limited, due to available space constraints.</p>

19.	Sector :	Transportation
	Sub-Sector:	Motor Vehicle
	Obligations Concerned:	<p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Measures:	<p>Supervision Order on Commodities and Services (Imports of Motor Vehicle and Services to Motor Vehicle), 1978 (Article 3)</p> <p>Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016 (Articles 2, 20, 41, 42, 44, 68, 89, 92, 97, 98, 136, 143 and 149)</p> <p>Companies Law, 1999 (Article 1)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>1. License is required in order to commercially import motor vehicles. The director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, of a corporation applying for licensure, shall be nationals or residents of Israel.</p> <p>2. License is required in order to manufacture and market motor vehicles or to trade in motor vehicles and the license holder must be:</p> <p>(a) a national or resident of Israel who is a sole proprietor; or</p> <p>(b) a registered corporation in Israel whose director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, are nationals or residents of Israel.</p>

3. License is required in order to brokerage in motor vehicle private import and the license holder must be:

(a) a national or resident of Israel who is a sole proprietor; or

(b) an employee of a registered corporation in Israel whose director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, are nationals or residents of Israel.

4. License is required in order to manufacture traffic products, as defined in Article 2 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, and the license holder must be:

(a) a sole proprietor; or

(b) a registered corporation in Israel whose director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, are nationals or residents of Israel.

5. Israel may determine that certain traffic products, as defined in Article 97 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, are made for marketing in the Israeli market alone.

6. Nationality or residency of Israel is required for licensure as a motor vehicle appraiser.

7. Nationality or residency of Israel is required for licensure as a professional manager of a motor vehicle service center (garage) and at least one licensed professional manager is required to be available on the premises in order to operate a motor vehicle garage.

Note 1: "Traffic Product" as defined in Article 2 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, is an accessory, a part, system of parts, an appliance with the exception of an appliance that is a work tool used by garages or manufacturers only, a device or substance that is a liquid, solid or gas, that is used or designed to be used for assembly, maintenance or the proper operation of a motor vehicle or for ensuring the safety of a motor

vehicle or for ensuring user safety or for his convenience.

Note 2: For the purposes of this Schedule, it is understood that director general is an equivalent position to chief executive officer.

Note 3: For the purposes of this Schedule, “interested party”, as defined in Article 1 of the Companies Law, 1999, is:

- (a) a substantial shareholder;
- (b) a person with the power to appoint one or more members of the board of directors or the director general; or
- (c) a person who serves in the enterprise as a member of the board of directors or as a director general.

20	Sector :	Transportation
	Sub-Sector:	Driving Licenses and Road Transport Services, including Passenger Transportation Services, Motor Vehicle Mechanics Safety Officer
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local presence (Article 10.5)
	Measures:	Road Transport Regulations, 1961 (Articles 175-190, 213-213H, 216, 221, 221A, 247, 251, 531, 567, 567B and 582) Road Transport Ordinance (Article 14) Supervision Order on Commodities and Services (Purchase, Installation and Maintenance of Taxi Meters), 1984 Companies Law, 1999 (Article 1)
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israeli residency or nationality is required to obtain certain types of driving licenses, in accordance with Articles 175-185, 189 and 190 of Road Transport Regulations, 1961. 2. Israeli residency or nationality is required for obtaining a taxi operator license. 3. Israeli residency or nationality is required for an individual working in installation or maintenance of taxi meters and an enterprise operating in installation or maintenance of taxi meters must have at least one interested party, as defined in Article 1 of the Companies Law, 1999, who is a national or resident of Israel. 4. Israeli residency or nationality is required for authorization to work as a motor vehicle mechanics safety officer.

21	Sector :	Road transportation services
	Sub-Sector:	Transportation of freight
		Transportation of furniture
		Rental of commercial vehicles with operator
	Industry Classification:	CPC 71233, 71239, 71234, 7124
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
		Local presence (Article 10.5)
	Measures:	Road Transport Regulations, 1961 (Article 189)
		Freight Services Regulations, 2001 (Article 2 and 24)
		Law of Transport Services, 1997
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israeli residency or nationality is required in order to obtain a license to transport freight over 10 tons or hazardous materials of any weight. 2. The professional manager and the operator of haulage shall be a national or resident of Israel.

22	Sector :	Transportation
	Sub-Sector:	Customs Agents
	Industry Classification:	CPC 749**
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local presence (Article 10.5)
	Measures:	Customs Agent Law, 1964 (Articles 4 and 5)
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israeli residency or nationality is required to obtain a Customs agent's license. 2. All customs firms, including foreign customs firms, must employ at least one Israeli licensed custom agent as an active manager, clerk or as a partner.