21	Sector:	Transport
	Sub-Sector:	Water Transport
	Industry Classification:	
	Type of Reservation:	National Treatment(Article 2)
		Most-Favoured-Nation Treatment (Article 3)
	Measures:	Ship Law (Law No. 46 of 1899), Article 3
	Description:	Unless otherwise specified in the laws 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)
	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.

Annex II
Reservations for Measures referred to in paragraph 2 of Article 7

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-Favoured-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 the reservation is taken;

(b) "Sub-Sector" refers to the specific sector in which the reservation is taken;

(c) "Industry Classification" refers, where applicable, and only for transparency purposes, to the activity covered by the reservation according to domestic or international industry classification codes;

(d) "Type of Reservation" specifies the obligations referred to in paragraph 1 for which the reservation is taken;

(e) "Description" sets out the scope of the sector, sub-sector or activities covered by the reservation; and

(f) "Existing 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 the other elements.

4. For the purposes of this Annex, "JSIC" means Japan Standard Industrial Classification set out by the Ministry of Internal Affairs and Communications, and revised on November 6, 2007.