LIST B

EXPLANATORY NOTES

1. This List sets out, pursuant to Article 10.8 (Reservations and Non-Conforming Measures), measures that the Philippines may maintain existing, or adopt new or more restrictive measures that do not conform to the obligations under:

   (a) Article 10.3 (National Treatment);

   (b) Article 10.4 (Most-Favoured-Nation Treatment);

   (c) Article 10.6 (Prohibition of Performance Requirements); and

   (d) Article 10.7 (Senior Management and Board of Directors).

2. This List and List A follow the negative list with two list approach as follows:

   (a) List A sets out commitments in relation to existing non-conforming measures which will be subject to standstill obligations but not subject to ratchet mechanism; and

   (b) This List sets out policy flexibility in relation to measures in sectors, subsectors and activities.

3. Each reservation shall set out the following elements, where applicable:

   (a) **Sector** refers to the sectors in which a reservation is taken;

   (b) **Subsector** refers to specific industries, products, or activities in which a reservation is taken;

   (c) **Industry Classification** refers to the activities covered by the reservation according to International Standard Industrial Classification (hereinafter referred to as “ISIC”) Revision 3 for manufacturing, agriculture, fishery, forestry, mining and quarrying. If the reservation does not exactly conform to the ISIC, the Philippines specified the coverage of the reservation, as necessary and appropriate;

   (d) **Level of Government** specifies the level of government maintaining the measure for which a reservation is taken;

   (e) **Type of Obligation** refers to the obligation of National Treatment, Most-Favoured-Nation Treatment, Prohibition of Performance Requirements, and Senior Management and Board of Directors, as the case may be, which do not apply to the listed measure;

   (f) **Description of Measure** refers to measures that do not conform to National Treatment, Most-Favoured-Nation Treatment, Prohibition of Performance Requirements, and Senior Management and Board of Directors for which a reservation is taken; and

   (g) **Source of Measure** refers to existing measures that apply to the sector, subsector or activities covered by the reservations and is identified for transparency purposes only.

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

5. These Explanatory Notes shall form part of this List.