

FREE TRADE AGREEMENT  
REPUBLIC OF NICARAGUA AND REPUBLIC OF CHINA (TAIWAN)

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Schedule of the Republic of China (Taiwan)

Sector: All sectors

Obligations Concerned: National Treatment (Article 10.03)

Measures: Article 17, 18 and 19 of Land Law of October 31, 2001

Description: Investment

Land used for forests reserves, aquaculture, hunting reserves, desalination fields, mineral deposits areas, water resources, military purposes, and land adjacent to the national frontiers shall not be leased to and transferred to foreigners, or used as collateral by the Republic of China (Taiwan) nationals to foreigners.

Nicaraguan nationals (natural and legal persons) shall have the same rights to acquire land in the Republic of China (Taiwan) as those accorded under treaties and Nicaraguan laws to the Republic of China (Taiwan) nationals acquiring land in the Republic of Nicaragua, provided that such acquisition of land in the Republic of China (Taiwan) by Nicaraguan nationals is consistent with the purposes and uses specified in Article 19 of the Republic of China (Taiwan) Land Law and not subject to the restrictions of Article 17 of the same law.

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<b>Sector:</b>	Business services - Placement and supply services of personnel
<b>Obligations Concerned:</b>	Local Presence (Article 11.06)
<b>Measures:</b>	Articles 16 and 17 of Regulations for Authorization and Administration of Private Employment Service Agencies of January 13, 2004
<b>Description:</b>	<p><u>Cross-Border Services</u></p> <p>Foreign employment service agencies have to apply for recognition from the competent authorities to refer foreign people to work in the Republic of China (Taiwan), or people living in Hong Kong, Macau, and Mainland China to work in the Republic of China (Taiwan) according to relevant regulations, provided such employment service agencies shall not engage in employment services within the Republic of China (Taiwan).</p> <p>The competent authorities may authorize foreign employment service agencies to set up commercial presence to provide full employment services in the Republic of China (Taiwan) according to the situation of domestic economy and employment market.</p>

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<b>Sector:</b>	Business services - Professional services
<b>Obligations Concerned:</b>	Market Access (Article 11.05, Services) Local Presence (Article 11.06, Services)
<b>Measures:</b>	CPA certification and taxation services: Articles 10, 27 and 47 of the Certified Public Accountant Law of May 29, 2002 Article 102 of Income Tax Law of January 15, 2003 CPB bookkeeping and taxation services: Articles 5, 7, 10, 13,19 and 36 of the Certified Public Bookkeepers Act of June 2, 2004 Architectural services: Article 34 of Law of Architecture of January 20, 2004 Articles 1, 6 and 54 of Architects Act of June 15, 2005 Professional engineering services: Paragraph 1 of Article 6 and Article 24 of Professional Engineers Act of June 26, 2002 Article 5, Article 6 and 7 of Act Governing the Administration of Professional Engineering Consulting Firms of July 2, 2003 Veterinary services: Article 17 of Law Governing Veterinarian of January 30, 2002 Notary services: Article 24 and 25 of Notary Public Law Real estate services: Article 5 and 7 of Real Estate Brokerage Management Act of October 31, 2001 Article 12 of Land Registration Agents Law of October 24, 2001 Article 9 of Real Estate Appraiser Law of December 11, 2002
<b>Description:</b>	<u>Cross-Border Services</u> To practice CPA certification services and taxation services, CPB bookkeeping and taxation services, architectural services, professional engineering services, veterinary services, notary and real estate professional services, local presence is required, and no corporation type of commercial presence is allowed except for real estate broking services and professional engineering services, where professional engineering consulting firm is applicable.

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<b>Sector:</b>	Fisheries and Aquaculture
<b>Obligations Concerned:</b>	National Treatment (Articles 10.03, Investment and 11.02, Services)
<b>Measures:</b>	Article 5 of the Fisheries Law of December 18, 2002
<b>Description:</b>	<u>Cross-Border Services and Investment</u> Only citizens of the Republic of China (Taiwan) shall be qualified as fishery persons (including those engaging in aquaculture business) hereunder unless the particular foreigner has obtained the approval of the competent authority to operate fishery in cooperation with the fishermen of the Republic of China (Taiwan).

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<b>Sector:</b>	Agriculture, animal husbandry, forestry and loggings
<b>Obligations Concerned:</b>	National Treatment (Article 10.03, Investment)
<b>Measures:</b>	Article 7 of the Statute for Investment by Foreign Nationals of November 19, 1997  Negative List for Investment by Overseas Chinese and Foreign Nationals of May 13, 2004
<b>Description:</b>	<u>Investment</u>  Foreign investment is not allowed in forestry and loggings industries.  The agriculture and animal husbandry industries in which foreign investment is restricted are:  (1) Agriculture: production on paddy rice, dryland food crops, special crops, vegetables, fruits, mushrooms, sugar-cane, flowers and other agricultural and horticultural products;  (2) Animal husbandry: raising of cattle, hogs, chickens, ducks and other animal husbandry.

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**Sector:** Public utilities

**Obligations Concerned:** National Treatment (Article 10.03, Investment)

**Measures:** Article 16 of the Statute for Regulating Privately-owned Utilities of April 26, 2000

**Description:** Investment

Privately-owned utilities companies shall not have foreign stockholders or mortgage their property to foreigners for funds unless having been approved by the Executive Yuan.

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<b>Sector:</b>	Water
<b>Obligations Concerned:</b>	National Treatment (Article 10.03, Investment)
<b>Measures:</b>	Articles 15, 16 and 42 of the Water Act of February 6, 2003
<b>Description:</b>	<p><u>Investment</u></p> <p>Foreigners are not allowed to acquire water rights; provided that this shall not apply to the case, which is granted by the Executive Yuan upon request by the competent authorities.</p> <p>The following waters are exempt from water rights registration:</p> <ol style="list-style-type: none"><li>1. domestic use and livestock water consumption;</li><li>2. pond digging on private land;</li><li>3. well drilled on private land, provided that its water output yield is less than 100 liters per minute;</li><li>4. water drawn by means of human power, animal power, or other simple means.</li></ol> <p>The competent authorities may impose restrictions upon, or order a registration of, the exempted use of the above waters if such use has interfered with public water business or benefits from water use of others.</p>

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<b>Sector:</b>	Communications-Telecommunication services
<b>Obligation Concerned:</b>	National Treatment (Article 10.03, Investment) Senior Management and Boards of Directors (Article 10.10, Investment) Market Access (Article 11.05, Services) Local Presence (Article 11.06, Services)
<b>Measures:</b>	Article 12 of Telecommunications Act of May 21, 2003 Article 5 of Satellite Communications Services Regulations of September 24, 2003
<b>Description:</b>	<u>Investment</u> The chairman of the Board, of a Type I telecommunications enterprise shall be a national of the Republic of China (Taiwan). A Type I Telecommunications enterprise refers to an enterprise that installs telecommunications machinery and line facilities to provide telecommunications services. The above facilities refer to network transmission facilities connecting the sending and receiving terminals, switching facilities installed as part of the network transmission facilities and the auxiliary facilities thereof. For the Type I Telecommunications enterprise, the total direct shareholding by foreigners may not exceed forty-nine percent, and the sum of direct and indirect shareholding by foreigners may not exceed sixty percent. The percentage of indirect shareholding by foreigners shall be calculated by multiplying the percentage of shareholding by domestic juristic persons in the Type I telecommunications enterprise by the percentage of shareholding or capital paid by foreigners in the said domestic juristic persons. The percentage of shareholding by foreigners in Chunghwa Telecom Co., Ltd. cannot exceed twenty percent.

Cross-Border Trade in Services

The foreign Mobile Satellite Service (MSS) operators shall enter into a cooperation contract with a domestic operator of Satellite Communication Services or International Network Business of Fixed Network Telecommunications Services, while the domestic agent shall represent to promoting the MSS in the country.

The domestic operator of Satellite Communication Services or International Network Business of Fixed Network Telecommunications Services who represents foreign MSS operators promoting MSS in accordance with the provision of the preceding paragraph shall submit the related documentation and



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report to the MOTC (Ministry of Transportation and Communication) for approval. The domestic operator of Satellite Communication Services or International Network Business of Fixed Network Telecommunications Services shall manage the official payment such as operation franchise fee, charges of frequency usage and other statutory obligations accordance to Laws.

The domestic operator of Satellite Communication Services or International Network Business of Fixed Network Telecommunications Services prior to obtaining MOTC's approval shall not represent foreign MSS operators in promoting the business.

The domestic operator of Satellite Communication services or International Network Business of Fixed Network Telecommunications Services who represents foreign MSS operators to promote services in the country shall together with foreign MSS operators make a service contract with users and shoulder contract obligations.

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<b>Sector:</b>	Communication services - Radio and television
<b>Obligations Concerned:</b>	National Treatment (Article 10.03, Investment) Performance Requirements (Article 10.09, Investment) Senior Management and Boards of Directors (Article 10.10, Investment) Local Presence (Article 11.06, Services)
<b>Measures:</b>	Articles 5 and 19 of Broadcasting and Television Act of December 24, 2003 Articles 19, 20 and 43 of Cable Radio and Television Law of December 24, 2003 Articles 10 and 15 of Satellite Broadcasting Act of December 24, 2003
<b>Description:</b>	<u>Investment</u> 1. Foreign capital restriction: (1) Foreign investment in radio broadcasting and television stations is not allowed. (2) Foreign investment in cable radio and television systems shall be less than the following thresholds: -total shares directly held by foreign shareholders: 20% -total direct and indirect foreign investment: 60% (3) Foreign investment in satellite broadcasting business shall be less than 50% of total shares issued. 2. Domestically-produced programs shall not be less than the following thresholds: -Wireless radio and television: 70% -Cable radio and television: 20% The above-mentioned percentages shall be calculated on the basis of the total number of hours of program transmission on the activated channels of a system operator. 3. The chairman and at least 2/3 of the board of directors and supervisors of a company operating a cable radio and/or television system shall be the Republic of China (Taiwan) nationals. <u>Cross-Border Services</u> A foreign satellite broadcasting business that engages in service operations in the Republic of China (Taiwan) shall establish a branch office in the Republic of China (Taiwan). A foreign satellite broadcasting business that engages in program supply operations in the Republic of China (Taiwan) shall set up a branch office or agent in the Republic of China (Taiwan).

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<b>Sector:</b>	Education services
<b>Obligations Concerned:</b>	National Treatment (Article 10.03, Investment) Senior Management and Boards of Directors (Article 10.10, Investment)
<b>Measures:</b>	Articles 15 and 78 of Private School Law of February 6, 2003
<b>Description:</b>	<u>Investment</u> Foreign investment is not allowed in primary schools and junior high schools. The chairman and at least 2/3 of the board of trustees, and the president/principal of the institution providing senior high school education, higher education, and adult education should be the Republic of China (Taiwan) nationals.

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<b>Sector:</b>	Health related and social services - Hospital services
<b>Obligations Concerned:</b>	Senior Management and Boards of Directors (Article 10.10, Investment) Market Access (Article 11.05, Services)
<b>Measures:</b>	Article 4 and 31 of Medical Law of April 28, 2004
<b>Description:</b>	<u>Cross-Border Services and Investment</u> A hospital should be established only by a non-profit institution, and at least 2/3 of the board of trustees should be the Republic of China (Taiwan) nationals.

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<b>Sector:</b>	Tourism and travel related services – Tourist guides services
<b>Obligations Concerned:</b>	Market Access (Article 11.05, Services)
<b>Measures:</b>	Article 32 of the Law on the Development of Tourism of June 11, 2003
<b>Description:</b>	<u>Cross-Border Services</u> Tourist guides cannot provide services without being employed by travel agencies and tour operators, or temporarily employed by government agencies in order to provide services.

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<b>Sector:</b>	Transport services - Internal waterway transport, cabotage, and pilotage
<b>Obligations Concerned:</b>	National Treatment (Articles 10.03, Investment and 11.02, Services) Senior Management and Boards of Directors (Article 10.10, Investment)
<b>Measures:</b>	Article 4 of Shipping Law of January 30, 2002 Article 13 of Pilotage Law of January 30, 2002 Articles 2 and 5 of the Law of Ships of January 30, 2002
<b>Description:</b>	<u>Investment</u> Foreign investment in a company providing the above services shall not exceed the following thresholds: <ul style="list-style-type: none"><li>- Zero percent for unlimited companies;</li><li>- 1/3 of the equity for a limited company or a company limited by shares.</li></ul> The representative director/chairman and at least 2/3 of the board of directors of the company shall be the Republic of China (Taiwan) nationals. <u>Cross-Border Services</u> Any non-Republic of China (Taiwan) vessel may not navigate between the Republic of China (Taiwan) ports to transport passengers and cargos unless a franchise is granted. No person shall be registered as a pilot if he/she loses the Republic of China (Taiwan) nationality. Unless otherwise specially approved by the Republic of China (Taiwan) government or for seeking shelter, any non-Republic of China (Taiwan) flag ship shall not stay in any harbor or port other than those announced by the Republic of China (Taiwan) government as international port.

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<b>Sector:</b>	Transport services - International maritime transport services
<b>Obligations Concerned:</b>	National Treatment (Article 10.03, Investment) Senior Management and Boards of Directors (Article 10.10, Investment)
<b>Measures:</b>	Article 2 of the Law of Ships of January 30, 2002
<b>Description:</b>	<u>Investment</u> Foreign investment in a company providing the above services shall not exceed the following thresholds: <ul style="list-style-type: none"><li>- Zero percent for unlimited companies;</li><li>- 1/2 of the equity for a limited company or a company limited by shares.</li></ul> The representative director of the limited company shall be the Republic of China (Taiwan) nationals. The chairman and at least 1/2 of the board of directors of the company limited by shares shall be the Republic of China (Taiwan) nationals.

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**Sector:** Transport services - Road transport services

**Obligations Concerned:** National Treatment (Article 10.03, Investment)

**Measures:** Article 35 of Highway Law of July 2, 2003

**Description:** Investment

Foreigners or unincorporated legal entities of the Republic of China (Taiwan) may not invest in automobile transportation providers within the boundaries of the Republic of China (Taiwan), but those approved by the central highway authority may apply to invest in car rental transportation services and freight transportation services.



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<b>Sector:</b>	Transport services - Air transport services General aviation services: business engaging in aerial tourism, survey, photographing, fire-fighting and searching, paramedic, hauling and lifting, spraying and dusting, as well as those authorized and other than air transport of passengers, cargo and mail flight operations for compensation or hire. Airport ground handling services Catering services
<b>Obligations Concerned:</b>	National Treatment (Articles 10.03, Investment and 11.02, Services) Senior Management and Boards of Directors (Article 10.10, Investment)
<b>Measures:</b>	Articles 49, 65 (referring to 49), 74-1, 77 (referring to 74-1) and 81 of Civil Aviation Law of June 9, 2004
<b>Description:</b>	<u>Investment</u> Foreign investment in a Civil Air Transport Enterprises or a specialty air service company shall not exceed the following thresholds: - Zero percent for an unlimited company; - 1/3 of the equity for a limited company or company limited by shares. The chairman/representative director, and at least 2/3 of the board of directors of a limited company or a company limited by shares providing the above services shall be the Republic of China (Taiwan) nationals. Foreign investment in an airport ground handling services or a catering service company shall not exceed the following thresholds: - Zero percent for an unlimited company; - 1/2 of the equity for a limited company or company limited by shares. The chairman/representative director, and at least 1/2 of the board of directors of a limited company or a company limited by shares providing the above services shall be the Republic of China (Taiwan) nationals. <u>Cross-Border Service</u> Only the Republic of China (Taiwan) aircrafts are allowed to provide general domestic aviation services.

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**Sector:** Transport services - Airfield management and operation

**Obligations Concerned:** National Treatment (Article 10.03, Investment)

**Measures:** Articles 10 and 29 of Civil Aviation Law of June 9, 2004

**Description:** Investment

The airfield may be established by legal persons in which foreign investment shall not exceed the following thresholds:

- Zero percent for an unlimited company;
- 1/3 of the equity for a limited company or company limited by shares.

The chairman/representative director, and at least 2/3 of the board of directors of a limited company or a company limited by shares providing the above services shall be the Republic of China (Taiwan) nationals. And the managers and operators of the airfield shall be the Republic of China (Taiwan) nationals.

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**Sector:** Transport services - Air transport auxiliary services

**Obligations Concerned:** National Treatment (Article 11.02, Services)

**Measures:** Article 24 of Civil Aviation Law of June 9, 2004

**Description:** Cross-Border Services

The aircraft pilot and other aeronautical technical personnel, such as flight mechanic, ground mechanic, air traffic controller, technicians employed by an aircraft maintenance facility and aircraft dispatcher shall be the Republic of China (Taiwan) nationals, unless exclusively permitted by Ministry of Transportation and Communication (MOTC) in accordance with relevant regulations.

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<b>Sector:</b>	Mining
<b>Obligations Concerned:</b>	National Treatment (Article 10.03, Investment)
<b>Measures:</b>	Article 2 and 6 of Mining Law of December 31, 2003
<b>Description:</b>	<u>Investment</u> Mining concessions are granted only to the natural or legal persons of the Republic of China (Taiwan).

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<b>Sector:</b>	Postal and courier services
<b>Obligations Concerned:</b>	Market Access (Article 11.05, Services)
<b>Measures:</b>	Article 6 of the Postal Law of July 10, 2002
<b>Description:</b>	<u>Cross-Border Services</u> Business of forwarding letters, postal cards or other papers having the nature of correspondence is reserved to the <i>Chunghwa Post Company Limited</i> .

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<b>Sector:</b>	Water supply
<b>Obligations Concerned:</b>	Market Access (Article 11.05, Services)
<b>Measures:</b>	Article 7 of Water Supply Act of May 23, 2005
<b>Description:</b>	<u>Cross-Border Services</u> Business of water supply is reserved to the <i>Taiwan Water Corporation</i> and <i>Taipei Water Department</i> .

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<b>Sector:</b>	Airport operation and management
<b>Obligations Concerned:</b>	Market Access (Article 11.05, Services)
<b>Measures:</b>	Article 28 of Civil Aviation Law of June 9, 2004
<b>Description:</b>	<u>Cross-Border Services</u> According to the Civil Aviation Law, only state, county and city governments allowed to establish and operate airports, including the air traffic control services.

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<b>Sector:</b>	Public Welfare Lottery
<b>Obligations Concerned:</b>	National Treatment (Article 11.02, Services) Market Access (Article 11.05, Services)
<b>Measures:</b>	Article 4 of Public Welfare Lottery Issue Act of June 28, 1999
<b>Description:</b>	<u>Cross-Border Services</u> The Issuing Institute of the Public Welfare Lottery shall be appointed by the Competent Authority.