

Annex I

SCHEDULE OF HONDURAS

EXPLANATORY NOTE

1. The Schedule of Honduras to this Annex sets out, pursuant to Articles 9.13 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), Honduras' 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-Favored-Nation Treatment) or 10.3 (Most-Favored-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 Boards of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligation Concerned**, specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.13.1(a) (Non-Conforming Measures) and 10.6.1(a) (Non-Conforming Measures) does not apply to the non-conforming aspects of the law, regulation, or other measures, as set out in paragraph 3;
- (c) **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
- (d) **Description** sets out commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the existing measures for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant provisions of the Chapters against which the entry is made. To the extent that:

- (a) the Measures element is qualified by a liberalization commitment from the Description element, the Measures element as so qualified shall prevail over all other elements; and
- (b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Articles 9.13.1 (a) (Non-Conforming Measures) and 10. 6.1(a) (Non-Conforming Measures) and subject to Articles 9.13.1(c) and 10.6.1(c), the Articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the Measures element of that entry.

5. Where Honduras maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favored-Nation Treatment), or 10.5 (Local Presence) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.9 (Performance Requirements) to the extent of that measure.

1. Sector:	All Sectors
Subsector:	
Obligations Concerned:	National Treatment (Article 9.3)
Level of Government:	Central
Measures:	<p>Decreto No. 131 <i>Constitución de la República de Honduras</i>, Título III, Capítulo II Artículo 107 (Decree No. 131, Constitution of the Republic of Honduras, Title III, Chapter II, Article 107)</p> <p>Decreto No. 90-1990, <i>Ley para la Adquisición de Bienes Urbanos en las Áreas que delimita el Artículo 107 de la Constitución de la República de Honduras</i>, Artículos 1 y 4. (Decree No. 90-1990, Act on Property Acquisition in Urban Areas delimiting the Article 107 of the Constitution of the Republic of Honduras, Articles 1 and 4.)</p> <p>Decreto No. 968, <i>Ley para la Declaratoria, Planeamiento y Desarrollo de las Zonas de Turismo</i>, Título V, Capítulo V, Artículo 16. (Decree No. 968, Declaratory Act, Planning and Development of Tourism Zones, Title V, Chapter V, Article 16.)</p>
Description:	<p><u>Investment:</u></p> <p>State land, common land, and private land within 40 kilometres of the borders and coastlines, and such land on islands, keys, coral reefs, breakwaters, rocks, and sandbanks in Honduras, can only be acquired, owned or held under any title by persons who are Honduran by birth, by companies fully owned by Honduran nationals, and by state institutions.</p> <p>Notwithstanding the preceding paragraph, anyone may acquire, possess, hold or lease for up to 40 years (which may be renewed) urban lands in such areas, provided that it is certified and approved for tourist purposes, economic or social development, or for the public interest by the Honduras Institute of Tourism (Instituto Hondureño de Turismo).</p> <p>Anyone who acquires, owns or holds such urban land may transfer that land only with the authorization of the Honduras Institute of Tourism (Instituto Hondureño de Turismo).</p>

2. Sector:	All sectors
Subsector:	All sectors
Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4)
Level of Government:	Central
Measures:	Decreto No 131, Constitución de la República, Título III, Capítulo II, Artículo 137. (Decree No. 131, Constitution of the Republic of Honduras, Title III, Chapter II, Article 137) Decreto No 189-59, Artículo 11 Código de Trabajo de Honduras. (Decree No. 189.59, Article 11 Code of Labor of Honduras).
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>A maximum quota of 10 percent set for the number of foreign workers in an enterprise, who may not receive more than 15 percent of total wages paid. Both proportions can be modified if required by obvious reasons of protection and promotion of the national economy or lack of Honduran technicians in a particular activity or defending national workers to demonstrate their ability. In all these circumstances the Executive through reasoned agreement issued through the <i>Ministerio de Trabajo y Prevision Social</i>, (Ministry of Labour and Social Security) can decrease both ratios by up to 10 percent each and for a period of 5 years for each company, or increase to eliminate participation of foreign workers.</p> <p>It does not apply the percentages indicated above managers, directors, administrators, superintendents and general managers of companies provided that the total of these does not exceed 2 in each one.</p> <p>In order to obtain the respective work permit, foreigners must reside in Honduras.</p>

3. Sector:	All Sectors
Subsector:	
Obligations Concerned:	National Treatment (Article 9.3) Most-Favoured-Nation Treatment (Article 9.4)
Level of Government:	Central
Measures:	Decreto No. 131, <i>Constitución de la República de Honduras</i> , Título VI, Capítulo I, Artículo 337 (Decree No. 131, Constitution of the Republic of Honduras, Title VI, Chapter I, Article 337)
Description:	<p><u>Investment:</u></p> <p>Small-scale industry and trade are reserved for Hondurans.</p> <p>Foreign investors cannot engage in small-scale industry or trade unless they are naturalized citizens and their country of origin grants reciprocity.</p>

4. Sector:	All Sectors
Subsector:	
Obligations Concerned:	National Treatment (Article 9.3) Market Access (Article 10.4)
Level of Government:	Central
Measures:	<p>Decreto No. 174-2013 del 1 de febrero de 2014, <i>Ley de Cooperativas de Honduras</i>, Artículos 18, 19 y 93 (Decree No. 174-2013, date February, 1, 2014, Cooperatives Act, Articles 18, 19 and 93).</p> <p>Acuerdo No 041-2014 de fecha 23 de abril de 2014, <i>Reglamento de la Ley de Cooperativas de Honduras</i>, Artículo 19. (Agreement No. 041-2014 date April 23, 2014, Regulation of the Law on Cooperatives of Honduras, Article 19).</p>
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Non- Honduran cooperatives may be established in Honduras with prior authorization of the <i>Consejo Nacional Supervisor de Cooperativas</i> (CONSUCOOP). Such authorization shall be granted if there is :</p> <ul style="list-style-type: none"> (a) a study of economic and social feasibility, and (b) reciprocity in the country of origin

5. Sector:	Customs Agents
Subsector:	
Obligations Concerned:	Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Level of Government:	Central
Measures:	Anexo de la Resolución No. 224-2008 (COMIECO XLIX) Reglamento del Código Aduanero Uniforme Centroamericano, Artículo 76 (Annex to Resolution No. 224-2008 (COMIECO XLIX) Regulations of the Central American Uniform Customs Code, Article 76)
Description:	<u>Investment and Cross-Border Trade in Services:</u> The customs agents must be nationals of any country in Central America.

6. Sector:	Agricultural
Subsector:	
Obligations Concerned:	National Treatment (Article 9.3)
Level of Government:	Central
Measures:	Acuerdo No. 2124-92, <i>Reglamento de Adjudicación de Tierras en la Reforma Agraria</i> , Artículos 1 y 2. (Agreement No. 2124-92, Regulation of Adjudication of Land in Agrarian Reform Articles 1 and 2).
Description:	<p><u>Investment:</u></p> <p>Agrarian reform beneficiaries must be Honduran nationals by birth, individually or organized in farm cooperatives or other farm worker enterprises.</p>

7. Sector:	All Sectors
Subsector:	
Obligations Concerned:	National Treatment (Article 9.3)
Level of Government:	Central
Measures:	Decreto No. 51-2011 del 15 de Julio de 2011, Artículo 56, Ley para la Promoción y Protección de Inversión. (Decree No. 51-2011 of July 15, 2011, Article 56, Law for the Promotion and Protection of Investment).
Description:	<p><u>Investment:</u></p> <p>For a company established under foreign laws¹ can engage in the exercise of trade in Honduras it must be registered with the Public Registry of Commerce.</p>

¹ They are considered companies incorporated under foreign laws which do not have legal residence in Honduras.

8. Sector:	Distribution Services
Subsector:	
Obligations Concerned:	National Treatment (Article 9.3)
Level of Government:	Central
Measures:	<p>Decreto No. 549, Artículo 4, reformado por Decreto No. 804, <i>Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras</i>. (Decree No. 549, Article 4, as amended by Decree No. 804, Act of Representatives, Distributors and Agents of National and Foreign Companies).</p> <p>Acuerdo No. 669-79, <i>Reglamento de la Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras</i>, Artículo 2. (Agreement No. 669-79, Regulation of the Law of Representatives, Distributors and Agents of National and Foreign Companies, Article 2).</p>
Description:	<p><u>Investment:</u></p> <p>Licensees are required to be Honduran nationals or Honduran companies.</p> <p>Individuals pursuing acting as representatives, agents or distributors must be previously registered as an individual business person. To be considered Honduran, at least 51% of the capital of the company must be held by Hondurans.</p>

9. Sector:	Communications Services
Subsector:	Services – Mail
Obligations Concerned:	Market Access (Article 10.4)
Level of Government:	Central
Measures:	Decreto No. 120-93, Ley Orgánica de la Empresa de Correos de Honduras, Artículos 3 y 4. (Decree No. 120-93, Organic Law of the Postal Office of Honduras, Articles 3 and 4)
Description:	<u>Cross-Border Trade in Services:</u> The operation of the postal system in Honduras is reserved exclusively for Postal Office Honduran Company (Empresa Hondureña de Correos (HONDUCOR)) ² .

²However, this exclusivity does not apply to express delivery services.

10. Sector:	Electrical Energy Services
Subsector:	Services Distribution and Transmission of Energy Electricity
Obligations Concerned:	Market Access (Article 10.4) Local Presence (Article 10.5)
Level of Government:	Central
Measures:	Decreto No. 404-2013 Ley General de la Industria Eléctrica, Artículos 4, 6 y 7. (Decree No. 404-2013 General Law of the Electrical Industry, Articles 4, 6 and 7.)
Description:	<p><u>Cross-Border Trade in Services:</u></p> <p>The Generation, transmission and distribution of electricity services can be performed by private, public, or mixed-capital legal persons and must be established as corporations.</p> <p>Operating licenses will be granted by the Energy Regulatory Commission Electricity.</p>

11. Sector:	Communications Services
Subsector:	Radio, Television and Newspaper Services
Obligations Concerned:	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
Level of Government:	Central
Measures:	<p>Decreto No. 131, <i>Constitución de la República de Honduras</i>, Capítulo II, Artículo 73, párrafo tercero. (Decree No. 131, Constitution of the Republic of Honduras, Chapter II, Article 73, third paragraph)</p> <p>Decreto No. 6, <i>Ley de Emisión del Pensamiento</i>, Capítulo IV, Artículo 30. (Decree No. 6, Law of Freedom of Thought Chapter IV, Article 30).</p> <p>Decreto No. 759, <i>Ley del Colegio de Periodistas de Honduras</i>, Artículo 8, reformado por Decreto No. 79 del 1 de enero de 1981. (Decree No. 759, Law Association of Journalists of Honduras, Article 8, amended by Decree No. 79 of January 1, 1981).</p>
Description:	<p><u>Investment:</u></p> <p>The management of printed newspaper, radio or television, and the intellectual, political, and administrative orientation for these should exclusively be exercised by Honduran nationals by birth³.</p>

³ This does not apply to newspapers or news media established outside of Honduras.

12. Sector:	Communications Services
Subsector:	Telecommunications Services
Obligations Concerned:	National Treatment (Article 10.2)
Level of Government:	Central
Measures:	<p>Decreto No. 185-95, <i>Ley Marco del Sector Telecomunicaciones</i> Capítulo I, Artículo No. 26. (Decree No. 185-95, Telecommunications Sector Framework Law Chapter I, Article No. 26).</p> <p>Acuerdo No. 141-2002 de fecha 26 de diciembre del 2002, <i>Reglamento General de la Ley Marco del Sector de Telecomunicaciones</i>, Título III, Capítulo I, Artículo 93. (Agreement No. 141-2002 dated December 26, 2002, General Rules of Telecommunications Sector Framework Law, Title III, Chapter I, Article 93).</p>
Description:	<p><u>Cross-Border Trade in Services:</u></p> <p>Foreign governments may not participate directly in the provision of public telecommunication services.</p>

13. Sector:	Communications Services
Subsector:	Telecommunications Services
Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
Level of Government:	Central
Measures:	<p>Decreto No. 185-95, <i>Ley Marco del Sector de Telecomunicaciones</i>, Capítulo I. (Decree No. 185-95, Telecommunications Sector Framework Law, Chapter I).</p> <p>Acuerdo No. 141-2002, <i>Reglamento General de la Ley Marco del Sector de Telecomunicaciones</i>. (Agreement No. 141-2002, General Rules of Telecommunications Sector Framework Law).</p>
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>For the Concessioned telecommunications services, it is regarded as a "partner" that natural or legal person who has direct, indirect or as part of an economic group more than ten percent (10%) capital of the legal entity.</p> <p>The practice of callbacks comprising telephone services provided inside Honduras systematically originate outside the country, as a direct result of international calls not originally completed within Honduras, is prohibited.</p>

14. Sector:	Communications Services
Subsector:	Telecommunications Services
Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
Level of Government:	Central
Measures:	Acuerdo No. 141-2002 de fecha 26 de diciembre del 2002, <i>Reglamento General de la Ley Marco del Sector de Telecomunicaciones</i> , Título III, Capítulo I, Artículo 93. (Agreement No. 141-2002, General Rules of Telecommunications Sector Framework Law Title III, Chapter I, Article 93).
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>The foreign companies must have an address in Honduras and name a legal representative also domiciled in Honduras.</p>

15. Sector:	Construction Services
Subsector:	Construction or Consulting Services and Related Engineering Services-Civil Engineering
Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Most-Favoured-Nation Treatment (Articles 9.4 and 10.3) Market Access (Article 10.4) Local presence (Article 10.5)
Level of Government:	Central
Measures:	<p>Decreto No. 47-1987, <i>Ley Orgánica del Colegio de Ingenieros Civiles de Honduras</i>, Artículo 67. (Decree No. 47-1987, Organic Law of the College of Civil Engineers of Honduras, Article 67)</p> <p><i>Reglamento de la Ley Orgánica del Colegio de Ingenieros Civiles de Honduras</i>, Artículos 100 (A) – (D) y 101. (Regulation of the Organic Law of the College of Civil Engineers of Honduras, Articles 100 (A) – (D) and 101).</p> <p><i>Decreto No. 753, Ley Orgánica del Colegio de Arquitectos de Honduras, Artículos 37 (b), (c), (d), (g), y (h).</i> (Decree No. 753, Organic Law of the College of Architects of Honduras, Sections 37 (b), (c), (d), (g) and (h).)</p> <p><i>Reglamento de la Ley Orgánica del Colegio de Arquitectos de Honduras</i>, Artículos 4(h), 7(a), (c), (d) y (h), 13, 68 y 69. (Regulation of the Organic Law of the College of Architects of Honduras, Articles 4 (h), 7 (a), (c), (d) and (h), 13, 68 and 69).</p> <p>Decreto No. 902, <i>Ley Orgánica del Colegio de Ingenieros Mecánicos, Electricistas y Químicos de Honduras</i>, Artículo 40 (c), (d) y (h). (Decree No. 902, Organic Law of the College of Mechanical, Electrical and Chemical Honduras, Article 40 (c), (d) and (h).</p>
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Consulting and construction companies must be organized under Honduran law in order to be members of the College of Civil Engineering of Honduras (<i>Colegio de Ingenieros Civiles de Honduras - CICH</i>) and to carry out civil engineering projects in Honduras. For greater certainty, consulting and construction companies organized under foreign law may register provisionally with the CICH to carry out specific civil engineering projects. Higher membership fees apply</p>

	to foreign-owned companies. In addition, foreign personnel must be authorized by the CICH in order to work on such projects.
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16. Sector:	Distribution Services
Subsector:	Petroleum Products (Liquid Fuel, Automotive Oil, Diesel, Kerosene, and LPG)
Obligations Concerned:	National Treatment (Article 9.3)
Level of Government:	Central
Measures:	<p>Decreto No. 549, Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras, Capítulo I y VI, Artículos 4 y 2. (Decree No. 549, Act of Representatives, Distributors and Agents of National and Foreign Companies, Chapter I and VI, Articles 4 and 2)</p> <p>Decreto No. 804, reforma el Artículo 4 de la Ley de Representantes, Distribuidores y Agentes de Empresas Nacionales y Extranjeras. (Decree No. 804, Amending Article 4 of the Act of Representatives, Distributors and Agents of National and Foreign Companies)</p>
Description:	<p><u>Investment:</u></p> <p>Only Honduran nationals and companies organized under Honduran law may be authorized to sell petroleum products. Companies must be at least 51% owned by Honduran nationals.</p>

17. Sector:	Entertainment Services
Subsector:	Lotteries
Obligations Concerned:	Market Access (Article 10.4)
Level of Government:	Central
Measures:	Decreto No. 438, de fecha 23 de abril de 1977, Artículo 5 (c), <i>Ley Orgánica de Patronato Nacional de la Infancia</i> . (Decree No. 438, dated April 23, 1977, Article 5 (c), Organic Law of the National Child Welfare Fund)
Description:	<p><u>Cross-Border Trade in Services:</u></p> <p>The National Child Welfare Fund <i>Patronato Nacional de la Infancia</i> (PANI) exclusively administers the national lottery.</p>

18. Sector:	Education Services
Subsector:	Private Preschool, Primary, and Secondary Educational Services
Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Most-Favoured-Nation Treatment (Articles 9.4 and 10.3) Senior Management and Boards of Directors (Article 9.10) Local Presence (Article 10.5)
Level of Government:	Central
Measures:	<p>Decreto No. 131, <i>Constitución de la República de Honduras</i>, Título III, Capítulo VIII, Artículos 34, 166 y 168. (<i>Decree No. 131, Constitution of the Republic of Honduras, Title III, Chapter VIII, Articles 34, 166 and 168</i>)</p> <p>Decreto No. 79, <i>Ley Orgánica de Educación</i>, Artículos 64 y 65. (Decree No 79, Organic Law of Education, Articles 64 and 65)</p> <p>Decreto No. 136-97, <i>Ley del Estatuto del Docente</i>, Artículos 7 y 8. (Decree No. 136-97, Organic Law for Teaching Staff, Articles 7 and 8)</p> <p>Acuerdo Ejecutivo No. 0760-5E-99, <i>Reglamento General del Estatuto del Docente</i>, Artículo 6. (Executive Decision No 0760-5E-99, General Regulation of the Law for Teaching Staff, Article 6).</p>
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>School directors and supervisors must be Honduran by birth.</p> <p>Teachers at all levels of the education system must be Honduran nationals by birth. Foreign nationals may, however, teach particular subjects at the intermediate and secondary levels if no Honduran nationals are available to teach such subjects. Notwithstanding the preceding sentence, foreign nationals may teach the Honduran Constitution, civics, geography and history of Honduras only if there is reciprocity for Honduran nationals in their country of origin.</p> <p>Private schools at all levels must be established under Honduran law. For greater certainty, there are no restrictions on foreign ownership of such schools.</p>

19. Sector:	Entertainment Services – Music Entertainers
Subsector:	
Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
Level of Government:	Central
Measures:	<i>Decreto No. 123 de fecha 23 de octubre de 1968, Ley de Protección a los Artistas Musicales, Artículos 1 – 4. (Decree No. 123 dated October 23, 1968, the Law on Protection of Musical Artists, Articles 1 – 4).</i>
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Notwithstanding the measure above, Honduras agrees that foreign musicians who wish to perform individually or as a group in Honduras must pay 5% of their fees therefor to the Artists' Union of Honduras (<i>Sindicato de Artistas de Honduras</i>) and the manager or lessee shall, if possible, hire local musicians for the same performance.</p> <p>For greater certainty, foreign musicians must register with the Artists' Union of Honduras (<i>Sindicato de Artistas de Musica de Honduras</i>) for each performance in Honduras.</p>

20. Sector:	Entertainment Services Cultural and Sporting
Subsector:	Championships and Soccer Games Services
Obligations Concerned:	National Treatment (Article 10.2) Local Presence (Article 10.5)
Level of Government:	Central
Measures:	<i>Reglamento de Campeonatos y Competencias Liga Nacional de Fútbol No Aficionado de Primera División</i> , Artículos 9 y 10. (Regulation of Championships and Competitions Football League First Division Amateur No. Articles 9 and 10).
Description:	<p><u>Cross-Border Trade in Services:</u></p> <p>For the registration of foreign players, a certificate issued by the Ministry of the Interior and Justice stating that their residency application is being processed shall be required. Each club affiliated with the football (<i>soccer</i>) league may register up to 4 foreign players.</p>

21. Sector:	Amusement, Cultural, and Sport Services
Subsector:	Casinos and Gambling (Encompasses Roulette, Cards, Punter, Baccarat, Slot Machines and the Like)
Obligations Concerned:	National Treatment (Article 9.3) Local Presence (Article 10.5)
Level of Government:	Central
Measures:	Decreto No. 488, de fecha 16 de febrero de 1977, Ley de Casinos de Juegos de Envite o Azar, Artículo 3. (Decree No. 488, dated February 16, 1977, Casinos and Gambling, Article 3)
Description:	<u>Investment and Cross-Border Trade in Services:</u> Only Honduran nationals by birth and companies organized under Honduran law may operate a casino.

22. Sector:	Environmental Services
Subsector:	
Obligations Concerned:	Market Access (Article 10.4)
Level of Government:	Central
Measures:	<p>Decreto No. 134-90, <i>Ley de Municipalidades</i>, Artículo 13 (3) y (4). (Decree No. 134-90, Municipal Law, Article 13 (3) and (4)).</p> <p>Decreto No. 104-93, <i>Ley General del Ambiente</i>, Artículos 29 y 67. (Decree No. 104-93, General Environmental Law, Articles 29 and 67).</p>
Description:	<p><u>Cross-Border Trade in Services:</u></p> <p>Only the State, through its municipalities, may provide public water distribution, waste disposal, and sanitation and hygiene services. For greater certainty, municipalities are responsible for building aqueducts, maintaining and managing potable water, sanitary sewers, drainage, and promoting and executing related projects.</p>

23. Sector:	Distribution Services
Subsector:	Wholesale and Retail – Weapons, Munitions, and Other Related Items
Obligations Concerned:	Market Access (Article 10.4)
Level of Government:	Central
Measures:	Decreto No. 131, <i>Constitución de la República de Honduras</i> , Título V, Capítulo X, Artículo 292. (Decree No. 131, Constitution of the Republic of Honduras, Title V, Chapter X, Article 292).
Description:	<p><u>Cross-Border Trade in Services:</u></p> <p>The wholesale and retail distribution of the following items is reserved solely for the Honduran Armed Forces:</p> <ul style="list-style-type: none"> – munitions; – warplanes; – military rifles; – all classes of pistols and revolvers, 41-calibre or higher; – Honduran Army standard-issue pistols; – silencers for all classes of firearms; – firearms; – accessories and munitions; – cartridges for firearms; – apparatus and other accessories required to load cartridges; – gunpowder, explosives, caps, and fuses; – gas masks; and – air rifles. <p>For greater certainty, use of explosives for commercial purposes may be permitted by the appropriate Honduran authority.</p>

24. Sector:	Investigation Services
Subsector:	Investigation and Security Services
Obligations Concerned:	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
Level of Government:	Central
Measures:	Decreto No. 156-98, <i>Ley Orgánica de la Policía Nacional</i> , Artículo 91. (Decree No. 156-98, Organic Law of the National Police, Article 91). Reglamento No. 0771-2005 de fecha 18 de junio de 2005, Artículos 5 y 15, letras t), u) y v). (Regulation No. 0771-2005 of 18 June 2005, Articles 5 and 15 (t), (u) and (v)).
Description:	<p><u>Investment:</u></p> <p>Foreign companies that request a permit to provide private security services must partner with Honduran companies working in the same field and appoint a Honduran national by birth as manager.</p> <p>To obtain authorization to operate a private security company, foreigners must submit the following documents:</p> <ul style="list-style-type: none"> – For foreign employees, a photocopy of the permit from the Secretary of State of Foreign Affairs and the Secretary of Labour and Social Security (<i>Secretaría de Estado en el Despacho de Relaciones Exteriores y Secretaría de Trabajo y Previsión Social</i>) to perform security-related functions. – Foreign partners must submit the original police and criminal record from their country of origin and residence, authenticated by the competent authority. – Properly authenticated original police and criminal records of foreigners serving the company, from both their country of origin and their country of residence.

25. Sector:	Transportation Services
Subsector:	Air Transportation Services
Obligations Concerned:	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
Level of Government:	Central
Measures:	Decreto No. 55-2004, 19 de mayo de 2004, <i>Ley de Aeronáutica Civil</i> , Título VIII, Capítulo I, Artículos 106 y 149. (Decree No. 55-2004, May 19, 2004, Civil Aviation Act, Title VIII, Chapter I, Articles 106 and 149).
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Public air transport services between any two (2) places in Honduras are reserved for Honduran companies.</p> <p>Honduran companies are those that meet the following requirements:</p> <p>(a) At least 51% of the capital must belong to Honduran nationals or companies; and</p> <p>(b) Effective control and management of the company must also be in Honduran hands.</p> <p>In order to provide private specialty air services for remuneration, the authorization of the <i>Agencia Hondureña de Aeronáutica Civil</i> (Honduran Civil Aviation Agency) required and the provider must be a Honduran national or company.</p>

26. Sector:	Maritime Transportation Services
Subsector:	Coastal Navigation Services
Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Most-Favoured-Nation Treatment (Articles 9.4 and 10.3) Local Presence (Article 10.5)
Level of Government:	Central
Measures:	<p>Decreto No. 167-94, <i>Ley Orgánica de la Marina Mercante Nacional</i>, de fecha 2 de enero de 1995, Título II, III, Capítulo VII, Artículo 40. (<i>Decree No. 167-94, Organic Law of the National Merchant Marine, dated January 2, 1995, Title II, III, Chapter VII, Article 40</i>).</p> <p>Acuerdo No. 000764, <i>Reglamento de Transporte Marítimo</i> de fecha 13 de diciembre de 1997, Artículo 6. (Agreement No. 000764, on Maritime Transport Regulations dated December 13, 1997, Article 6).</p> <p>Decreto No. 154, <i>Ley de Pesca</i>, Capítulo IV, Artículo 26. (Decree No. 154, Fisheries Act, Chapter IV, Article 26).</p>
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>Coastal navigation for commercial purposes is reserved for Honduran merchant vessels. If there are no Honduran merchant vessels or if they are not available, for as long as such a condition exists, the Merchant Marine Directorate (<i>Dirección General de la Marina Mercante</i>) may authorize foreign merchant vessels to provide coastal navigation in Honduras. In such circumstances, preference shall be given to vessels flying a Central American flag.</p> <p>Honduran merchant vessels must be registered under Honduran law, at least 51% of their paid-up capital must be owned by Honduran nationals, and the company must be domiciled in Honduras.</p> <p>For greater certainty, only Honduran nationals by birth can be captains of commercial fishing vessels.</p>

27. Sector:	Transportation Services
Subsector:	Services Transportation – Railways
Obligations Concerned:	National Treatment (Article 9.3) Market Access (Article 10.4)
Level of Government:	Central
Measures:	Decreto No. 48, <i>Ley Constitutiva del Ferrocarril Nacional de Honduras</i> , Capítulos I y VIII, Artículo 32 y Artículo 12 reformado mediante Decreto No. 54. (Decree No. 48, Act establishing the National Railway of Honduras, Chapters I and VIII, Article 32 and Article 12 amended by Decree No. 54).
Description:	<p><u>Investment and Cross-Border Trade in Services:</u></p> <p>The Honduran National Railway (Ferrocarril Nacional de Honduras) may sell its subsidiaries only to Honduran nationals and to companies established under Honduran law.</p> <p>Senior managers of the Honduran National Railway (Ferrocarril Nacional de Honduras) must be Honduran by birth.</p>

28. Sector:	Other Business Services – Warehousing
Subsector:	
Obligations Concerned:	Market Access (Article 10.4)
Level of Government:	Central
Measures:	Acuerdo No. 0681, <i>Reglamento de los Almacenes Generales de Depósitos, del 24 de Octubre de 2005, Artículo 5.</i> (Agreement No. 0681, Regulation of General Warehouses of Deposits, of October 24, 2005, Article 5).
Description:	<p><u>Cross-Border Trade in Services:</u></p> <p>Only companies established under Honduran law with fixed capital and for the sole purpose of providing warehousing services shall be authorized to provide such services.</p>

29. Sector:	All the sectors
Subsector:	
Obligations Concerned:	National Treatment (Article 9.3) Senior Management and Boards of Directors (Article 9.10)
Level of Government:	Central
Measures:	As set out in the Description element
Description:	<p><u>Investment:</u></p> <p>Honduras, when selling or disposing of its equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose limitations on the ownership of such interests or assets, and on the ability of owners of such interests or assets to control any resulting enterprise, by investors of Korea. With respect to such a sale or other disposition, Honduras may adopt or maintain any measure relating to the nationality of senior management or members of the board of directors.</p> <p>For purposes of this reservation:</p> <p>(a) any measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interests or assets or imposes nationality requirements described in this reservation shall be deemed to be an existing measure; and</p> <p>(b) “state enterprise” means an enterprise owned or controlled through ownership interests by Honduras and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or disposing of equity interests in, or the assets of, an existing state enterprise or governmental entity.</p>