Annex I

| Sector:                  | Business Service Industries   |   |
|--------------------------|---|---|
| Sub-Sector:              | Duty Free Shops   |   |
| Industry Classification: | SIC 6599  | Other Retail Stores, Not Elsewhere<br>Classified (limited to duty free shops)                                     |
|                          | CPC 631, 632 (limited to duty free shops)   |   |
| Type of Reservation:     | National Treatment (Article 10.4)   |   |
|                          | National Treatment (Article 11.3)   |   |
|                          | Local Presence (Article 11.5)   |   |
| Measures:                | Customs Act, R.S.C. 1985, c. 1 (2 <sup>nd</sup> Supp.)  |   |
|                          | Duty Free Shop Regulations, SOR/86-1072   |   |
| Description:             | Cross-Border Trade in Services and Investment   |   |
|                          | 1. To be a licensed duty free shop operator at a land border crossing in Canada, a natural person must: |   |
|                          | (a)   | be a Canadian national;   |
|                          | (b)   | be of good character;   |
|                          | (c)   | be principally resident in Canada; and  |
|                          | (d)   | have resided in Canada for at least 183 days<br>of the year preceding the year of application<br>for the license. |
|                          | 2. To be a licensed duty free shop operator at a land border crossing in Canada, a corporation must:    |   |
|                          | (a)   | be incorporated in Canada; and  |
|                          | (b)   | have all of its shares beneficially owned by<br>Canadian nationals who meet the<br>requirements of paragraph 1.   |
| Phase-Out:               | None  |   |

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