



Decision of the Council Adopting the Code of Liberalisation of Current Invisible Operations

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Background Information

The Code of Liberalisation of Current Invisible Operations was born with the OECD in 1961 at a time when many OECD countries were in the process of economic recovery and development and when the international movement of capital faced many barriers. For almost 60 years, the Code has provided a balanced framework for countries progressively to remove barriers to trade in services, while providing flexibility to cope with situations of economic and financial instability. Throughout this period, the OECD has provided a forum for international dialogue and co operation.

Under the Code, Adherents are entitled to benefit from the liberalisation of other Adherents regardless of its own degree of openness.

The Code covers cross-border trade in services, this is, the supply of services to residents by non-resident service providers, and vice versa. The service providers can be companies or individuals. Among the major sectors covered by the Code are banking and financial services, insurance and private pensions services, professional services, maritime and road transport and travel and tourism. All OECD Member countries, which include a majority of G20 members, are Adherents. Since 2012, the Code has also been open to non-OECD countries.

The most recent review of the Code (2016-2019) further strengthened the governance of the instrument. The review facilitated collective action by boosting transparency, improved decision-making for the assessment of country-specific measures, and possible cooperation with other international organisations.

For more information on the OECD Codes of Liberalisation, please consult:
<http://www.oecd.org/daf/inv/investment-policy/codes.htm>

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THE COUNCIL,

HAVING REGARD to Articles 2d) and 5a) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the Code of Liberalisation of Capital Movements;

HAVING REGARD to the Articles of Agreement of the International Monetary Fund of 27 December 1945;

HAVING REGARD to the European Monetary Agreement of 5 August 1955, and the Protocol of Provisional Application of that Agreement of the same date;

HAVING REGARD to the Report of the Committee for Invisible Transactions on the Codes of Liberalisation of Current Invisibles and of Capital Movements of 28 October 1961, and the Comments by the Executive Committee on that Report of 8 December 1961 [OECD/C(61)37; OECD/C(61)73];

DECIDES:*PART I***UNDERTAKINGS WITH REGARD TO CURRENT INVISIBLE OPERATIONS***Article 1***General undertakings**

- a. Members shall eliminate between one another, in accordance with the provisions of Article 2, restrictions on current invisible transactions and transfers, hereinafter called "current invisible operations". Measures designed for this purpose are hereinafter called "measures of liberalisation".
- b. Where Members are not bound, by virtue of the provisions of this Code, to grant authorisations in respect of current invisible operations, they shall deal with applications in as liberal a manner as possible.
- c. Members shall use their best offices to ensure that the measures of liberalisation are applied within their overseas territories.
- d. Members shall endeavour to extend the measures of liberalisation to all members of the International Monetary Fund.
- e. "Member" shall mean a country which adheres to this Code.

*Article 2***Measures of liberalisation**

- a. Members shall grant any authorisation required for a current invisible operation specified in an item set out in Annex A to this Code.
- b. A Member may lodge reservations relating to the obligations resulting from paragraph a) when:
 - i) an item is added to Annex A to this Code;
 - ii) obligations relating to an item in that Annex are extended; or
 - iii) obligations relating to any such item begin to apply to that Member.

Reservations shall be set out in Annex B to this Code.

Article 3

Public order and security

The provisions of this Code shall not prevent a Member from taking action which it considers necessary for:

- i) the maintenance of public order or the protection of public health, morals and safety;
- ii) the protection of its essential security interests; or
- iii) the fulfilment of its obligations relating to international peace and security.

Article 4

Obligations in existing multilateral international agreements

Nothing in this Code shall be regarded as altering the obligations undertaken by a Member as a Signatory of the Articles of Agreement of the International Monetary Fund or other existing multilateral international agreements.

Article 5

Controls and formalities

- a. The measures of liberalisation provided for in this Code shall not limit the powers of Members to verify the authenticity of current invisible operations nor to take any measures required to prevent evasion of their laws or regulations.
- b. Members shall simplify as much as possible all formalities connected with the authorisation or verification of current invisible operations and shall co-operate, if necessary, to attain such simplification.

Article 6

Execution of transfers

- a. A Member shall be deemed to have complied with its obligations as regards transfers whenever a transfer may be made:
 - i) between persons entitled, by the exchange regulations of the State from which and of the State to which the transfer is to be made, respectively, to make and/or to receive the said transfer;
 - ii) in accordance with international agreements in force at the time the transfer is to be made; and
 - iii) in accordance with the monetary arrangements in force between the State from which and the State to which the transfer is to be made.
- b. The provisions of paragraph a) do not preclude Members from demanding payment of maritime freights in the currency of a third State, provided that such a demand is in conformity with established maritime practice.

*Article 7***Clauses of derogation**

- a. If its economic and financial situation justifies such a course, a Member need not take the whole of the measures of liberalisation provided for in Article 2 a).
- b. If any measures of liberalisation taken or maintained in accordance with the provisions of Article 2 a) result in serious economic disturbance in the Member State concerned, that Member may withdraw those measures.
- c. If the overall balance of payments of a Member develops adversely at a rate and in circumstances, including the state of its international reserves, which it considers serious that Member may temporarily suspend the application of measures of liberalisation taken or maintained in accordance with the provisions of Article 2 a).
- d. However, a Member invoking paragraph c) shall endeavour to ensure that its measures of liberalisation:
- i) cover, twelve months after it has invoked that paragraph, to a reasonable extent, having regard to the need for advancing towards the objective defined in sub paragraph ii), current invisible operations which the Member must authorise in accordance with Article 2 a) and the authorisation of which it has suspended since it invoked paragraph c), and, in particular current invisible operations relating to tourism if, in whole or in part, their authorisation has been suspended; and
 - ii) comply, eighteen months after it has invoked that paragraph, with its obligations under Article 2 a).
- e. Any Member invoking the provisions of this Article shall do so in such a way as to avoid unnecessary damage which bears especially on the commercial or economic interests of another Member and, in particular, shall avoid any discrimination between other Members.

*Article 8***Right to benefit from measures of liberalisation**

Any Member lodging a reservation under Article 2 b) or invoking the provisions of Article 7 shall, nevertheless, benefit from the measures of liberalisation taken by other Members provided it has complied with the procedure laid down in Article 12 or Article 13 as the case may be.

*Article 9***Non-discrimination**

A Member shall not discriminate as between other Members in authorising current invisible operations which are listed in Annex A and which are subject to any degree of liberalisation.

*Article 10***Exceptions to the principle of non-discrimination: special customs or monetary systems**

Members forming part of a special customs or monetary system may apply to one another in addition to measures of liberalisation taken in accordance with the provisions of Article 2 a) other measures of liberalisation without extending them to other Members. Members forming part of such a system shall inform the Organisation of its membership and those of its provisions which have a bearing on this Code.

*PART II***PROCEDURE***Article 11***Notification and information from Members**

- a. Members shall notify the Organisation, within the periods which the latter may determine, of the measures of liberalisation which they have taken and of any other measures which have a bearing on this Code, as well as of any modification of such measures.
- b. The Organisation shall consider the notifications submitted to it in accordance with the provisions of paragraph a) with a view to determining whether each Member is complying with its obligations under this Code.

*Article 12***Notification and examination of reservations lodged under Article 2 (b)**

- a. Each Member shall notify the Organisation within a period to be determined by the Organisation, whether it desires to maintain any reservation lodged by it in respect of an item specified in Annex A to this Code, and, if so, state its reasons therefore.
- b. The Organisation shall examine each reservation lodged by a Member in respect of an item specified in Annex A to this Code at intervals of not more than eighteen months, unless the Council decides otherwise.
- c. The examination provided for in paragraph b) shall be directed to making suitable proposals designed to assist Members to withdraw their reservations.

*Article 13***Notification and examination of derogations made under Article 7**

- a. Any Member invoking the provisions of Article 7 shall notify the Organisation forthwith of its action, together with its reasons therefor.
- b. The Organisation shall consider the notifications and reasons submitted to it in accordance with the provisions of paragraph a) with a view to determining whether the Member concerned is justified in invoking the provisions of Article 7 and, in particular, whether it is complying with the provisions of paragraph e) of that Article.
- c. If the action taken by a Member in accordance with the provisions of Article 7 is not disapproved by the Organisation, that action shall be reconsidered by the Organisation every six months or, subject to the provisions of Article 15, on any other date which the latter may deem appropriate.
- d. If, however, in the opinion of a Member other than the one which has invoked Article 7, the circumstances justifying the action taken by the latter in accordance with the provisions of that Article have changed, that other Member may at any time refer to the Organisation for reconsideration of the case at issue.
- e. If the action taken by a Member in accordance with the provisions of paragraphs a), b) or c) of Article 7 has not been disapproved by the Organisation, then, if that Member subsequently invokes paragraphs a), b) or c) of Article 7 of the Code of Liberalisation of Capital Movements, or, having

invoked one paragraph of Article 7 of this Code, invokes another paragraph of that Article, its case shall be reconsidered by the Organisation after six months have elapsed since the date of the previous consideration, or on any other date which the latter may deem appropriate. If another Member claims that the Member in question is failing to carry out its obligations under paragraph e) of Article 7 of this Code or paragraph e) of Article 7 of the Code of Liberalisation of Capital Movements, the Organisation shall consider the case without delay.

f.

- i) If the Organisation, following its consideration in accordance with paragraph b), determines that a Member is not justified in invoking the provisions of Article 7 or is not complying with the provisions of that Article, it shall remain in consultation with the Member concerned, with a view to restoring compliance with the Code.
- ii) If, after a reasonable period of time, that Member continues to invoke the provisions of Article 7, the Organisation shall reconsider the matter. If the Organisation is then unable to determine that the Member concerned is justified in invoking the provisions of Article 7 or is complying with the provisions of that Article, the situation of that Member shall be examined at a session of the Council convened by its Chair for this purpose, unless the Organisation decides on some other procedure.

Article 14

Examination of derogations made in accordance with Article 7: Members in process of economic development

a. In examining the case of a Member which it considers to be in process of economic development and which has invoked the provisions of Article 7, the Organisation shall have special regard to the effect that the economic development of that Member has upon its ability to carry out its obligations under paragraph a) of Articles 1 and 2.

b. In order to reconcile the obligations of the Member concerned under paragraph a) of Article 2 with the requirements of its economic development, the Organisation may grant that Member a special dispensation from those obligations.

Article 15

Special report and examination concerning derogations made under Article 7

a. A Member invoking the provisions of paragraph c) of Article 7 shall report to the Organisation, within ten months after such invocation, on the measures of liberalisation it has restored or proposes to restore in order to attain the objective determined in sub paragraph d) i) of Article 7. The Member shall, if it continues to invoke these provisions, report to the Organisation again on the same subject – but with reference to the objective determined in sub paragraph d) ii) of Article 7 – within sixteen months after such invocation.

b. If the Member considers that it will not be able to attain the objective, it shall indicate its reasons in its report and, in addition, shall state:

- i) What internal measures it has taken to restore its economic equilibrium and what results have already been attained; and
- ii) What further internal measures it proposes to take and what additional period it considers it will need in order to attain the objectives determined in sub paragraphs d) i) or d) ii) of Article 7.

c. In cases referred to in paragraph b), the Organisation shall consider within a period of twelve months and, if required, of eighteen months from the date on which the Member invoked the provisions of paragraph c) of Article 7, whether the situation of that Member appears to justify its failure to attain the objective determined in sub paragraph d) i) or d) ii) of Article 7, and whether the measures taken or envisaged and the period considered by it as necessary for attaining the objective determined, appear acceptable in the light of the objectives of the Organisation in the commercial and financial fields.

d. If a Member invokes the provisions of both paragraph c) of Article 7 of this Code and paragraph c) of Article 7 of the Code of Liberalisation of Capital Movements, the periods of twelve and eighteen months referred to in paragraph c) shall run from the date of the earlier invocation.

e. If, following any of the examinations provided for in paragraph c), the Organisation is unable to approve the arguments advanced by the Member concerned in accordance with the provisions of paragraph b), the situation of that Member shall be examined at a session of the Council convened by its Chair for this purpose, unless the Organisation decides on some other procedure.

Article 16

Reference to the Organisation - Internal arrangements

a. If a Member considers that the measures of liberalisation taken or maintained by another Member in accordance with Article 2 a) are frustrated by internal arrangements likely to restrict the possibility of effecting current invisible operations, and if it considers itself to be prejudiced thereby, it may refer to the Organisation.

b. The Secretariat may also bring to the attention of the Committee cases where it deems that compliance with the Code is not assured and may be prejudicial to Members.

c. If, following the consideration of a matter referred to it under paragraphs (a) or (b) the Organisation determines that internal arrangements introduced or maintained by the Member concerned have the effect of frustrating its measures of liberalisation, the Organisation may make suitable suggestions with regard to the removal or modification of such arrangements.

Article 17

Reference to the organisation - Retention, introduction or reintroduction of restrictions

a. If a Member considers that another Member which has not invoked the provisions of Article 7 has retained, introduced or re-introduced restrictions on current invisible operations, contrary to the provisions of Article 1, paragraph a) of Article 2, or Article 9, and if it considers itself to be prejudiced thereby, it may refer to the Organisation.

b. The fact that the case is under consideration by the Organisation shall not preclude the Member which has referred to the Organisation from entering into bilateral conversations on the matter with the other Member concerned.

*PART III***TERMS OF REFERENCE***Article 18***Investment Committee - General tasks**

The Investment Committee shall consider all questions concerning the interpretation or implementation of the provisions of this Code or other acts of the Council relating to the liberalisation of current invisible operations and shall report its conclusions thereon to the Council as appropriate.

*Article 19***Investment Committee - Special tasks**

- a. The Investment Committee shall:
 - i) Determine the periods within which the information provided for in paragraph a) of Article 11 and the reasons provided for in paragraph a) of Article 12 should be notified to the Organisation by the Members concerned;
 - ii) Subject to paragraph c) of this Article, consider, in conformity with paragraphs b) and c) of Article 12, each reservation notified to the Organisation in accordance with paragraph a) of that Article and make, where appropriate, suitable proposals designed to assist Members to withdraw their reservations;
 - iii) Determine, in accordance with the provisions of Article 12, the date on which any reservations should be re-examined, if the reservation has not been withdrawn in the meantime;
 - iv) Consider, in accordance with the provisions of paragraph b) of Article 11, the notifications submitted to the Organisation;
 - v) Consider reports and references submitted to the Organisation in accordance with the provisions of Article 13 or paragraphs a) and b) of Article 15 where a Member has invoked the provisions of Article 7, or submitted in accordance with the provisions of Article 16 or Article 17;
 - vi) Determine the date on which the case of a Member which has invoked Article 7 should be reconsidered in accordance with the provisions of paragraph c), paragraph e) or paragraph f) ii) of Article 13;
 - vii) Transmit to the United States Government, with any comments it considers appropriate, notifications received from Members in accordance with paragraph 2 a) of the Decision in Annex C to the Code; and
 - viii) Consider information received from the United States Government in accordance with paragraph 2 b) of the Decision in Annex C to the Code.
- b. When examining the reservations notified in accordance with the provisions of paragraph a) of Article 12 the Committee may, as it deems fit, consider together either all reservations made by the same Member or all reservations made in respect of the same item specified in Annex A to this Code.
- c. The Committee shall, however, not consider any reservations notified to the Organisation in accordance with the provisions of paragraph a) of Article 12 by a Member which, at the time of the examination in respect of the item subject to that reservation, is invoking the provisions of Article 7 or is enjoying a dispensation in accordance with paragraph b) of Article 14.

- d. In the cases provided for in sub paragraphs ii), iv), v) and viii) of paragraph a) the Committee shall report to the Council.
- e. The Committee shall, whenever it considers it necessary:
- i) consult other Committees of the Organisation and/or other relevant international organisations on any questions relating to the liberalisation of current invisible operations; and, in particular,
 - ii) request other Committees of the Organisation and/or the International Monetary Fund (IMF) to give their views on any questions relating to the balance of payments and the state of the international reserves of a Member.

PART IV

MISCELLANEOUS

Article 20

Title of decision

This Decision, referred to in the present text as the "Code", shall be known as the "Code of Liberalisation of Current Invisible Operations".

Article 21

Withdrawal

Any Member may withdraw from the Code by transmitting a notice in writing to the Secretary General of the Organisation. The withdrawal shall become effective twelve months from the date on which such a notice is received.

Article 22

Definition of the unit of account

"Unit of account" shall mean the sum in the national currency of a Member which is equal to a unit of value of special drawing rights as valued by the International Monetary Fund.

Annex A.

List of Current Invisible Operations

A. Business and Industry

A/1. Repair and assembly.

A/2. Processing, finishing, processing of work under contract and other services of the same nature.

Remark: In cases where goods are involved, liberalisation applies only if the importation of the goods concerned is liberalised by the Member ordering such processing, finishing, etc.

A/3. Technical assistance (assistance relating to the production and distribution of goods and services at all stages, given over a period limited according to the specific purpose of such assistance, and including e.g. advice or visits by experts, preparation of plans and blueprints, supervision of manufacture, market research, training of personnel). See also Note 3 of the Notes following Annex A.

A/4. Contracting (construction and maintenance of buildings, roads, bridges, ports, etc., carried out by specialised firms, and, generally, at fixed prices after open tender).

A/5. Authors' royalties. Patents, designs, trade marks and inventions (the assignment and licensing of patent rights, designs, trade marks and inventions, whether or not legally protected, and transfers arising out of such assignment or licensing). See also Note 3 of the Notes following Annex A.

A/6. Salaries and wages (of frontier or seasonal workers and of other non-residents).

Remark: Free transfer to the country of residence of the recipient. The amounts to be transferred shall be the net salaries and wages, i.e. after deduction of living expenses, taxes, social insurance contributions or premiums, if any.

A/7. Participation by subsidiary companies and branches in overhead expenses of parent companies situated abroad and vice versa (i.e. overhead expenses other than those included under A/3 and A/5). See also Note 3 of the Notes following Annex A.

B. Foreign trade

B/1. Commission and brokerage.

Profit arising out of transit operations or sale of transshipment.

Representation expenses.

B/2. Differences, margins and deposits due in respect of operations on commodity terminal markets in conformity with normal commercial practice.

B/3. Charges for documentation of all kinds incurred on their own account by authorised dealers in foreign exchange.

B/4. Warehousing and storage, customs clearance.

B/5. Transit charges.

B/6. Customs duties and fees.

C. Transport

C/1. Maritime freights (including chartering, harbour expenses, disbursements for fishing vessels, etc.)¹.

Remark: See Note 1 of the Notes following Annex A.

C/2 Inland waterway freights, including chartering.

C/3. Road transport: passengers and freights, including chartering.

C/4. Air transport: passengers and freights, including chartering.

Payment by passengers of international air tickets and excess luggage charges; payment of international air freight charges and chartered flights.

Remark: Without prejudice to the provisions of Annex III.

Receipts from the sale of international air tickets, excess luggage charges, international air freight charges, and chartered flights.

Remark: The transfer of these receipts to the head office of the air transport company concerned shall be free.

C/5. For all means of maritime transport: harbour services (including bunkering and provisioning, maintenance, repairs, expenses for crews, etc.).

Remark: In the case of repairs, current maintenance, voyage and emergency repairs² (see also C/6). (See Note 1 of the Notes following Annex A.)

For all means of inland waterway transport: harbour services (including bunkering and provisioning, maintenance and minor repairs of equipment, expenses for crews, etc.).

Remark: In the case of repairs, current maintenance repairs only (see also C/6.)

For all means of commercial road transport: road services (including fuel, oil, minor repairs, garaging, expenses for drivers and crews, etc.).

For all means of air transport: operating costs and general overheads, including repairs to aircraft and to air transport equipment.

Remark: Including all charges in connection with the delivery of oil and petrol to air transport companies which are incurred in the currency of the State where the delivery takes place.

C/6. Repair of ships.

Remark: Transactions other than those covered by C/5 (i.e. classification, conversion and other major repairs)³ to the extent to which they do not constitute visible trade.

Repairs of means of transport other than ships and aircraft.

Remark: Transactions other than those covered by C/5 to the extent to which they do not constitute visible trade.

D. Insurance and private pensions⁴

Prudential considerations

Members may take regulatory measures in the field of insurance and pensions, including the regulation of the promotion, in order to protect the interests of policyholders and beneficiaries, provided those measures do not discriminate against non-resident providers of such services.

D/1. Social security and social insurance.

Remarks:

1. *Free transfer of:*
 - a) *contributions of premiums in respect of social security or social insurance payable in another Member;*
 - b) *social security and social insurance benefits payable to an insured person or beneficiary residing in another Member or, for their account, to a social security or social insurance authority in that other Member.*
2. *If the transfer relates to an insurance considered as social insurance by only one of the Members concerned the provisions according the more liberal treatment shall apply.*
3. *Social insurance transactions carried out by private insurers shall also be subject to the provisions of Parts III and IV of Annex I.*

<p>Transactions ⁵ and transfers in connection with direct insurance (other than social security and social insurance).</p>	<p>) Remark: Direct insurance transactions between insurers in one Member and insured in another Member, and transfers of premiums and contributions between insured and insurers in two different Members. Transfers by insurers in one Member of settlements and benefits paid or to be paid in another Member, and transfers of sums necessary for the enforcement of claims arising under an insurance contract. Within the limits specified in Part I of Annex I.</p>
D/2. Insurance relating to goods in international trade.	
D/3. Life assurance.	
D/4. All other insurance.	

D/5. Transactions and transfers in connection with reinsurance and retrocession.

Remark: The provisions of Part II of Annex I shall also apply.

D/6. Conditions for establishment and operation of branches and agencies of foreign insurers.

Remarks:

1. *Authorisation within the limits specified in Part III of Annex I for insurers of other Members to establish themselves and to transact business.*
2. *Transfers between branches and agents of such authorised insurers and their head offices: within the limits specified in Part IV of Annex I.*

D/7. Entities providing other insurance services.

D/8. Private pensions.

E. Banking and financial services

General remarks:

1. *Regarding operations in the country concerned, Members may take measures for the maintenance of fair and orderly markets and sound institutions and for the protection of investors or other users of banking or financial services, provided those measures do not discriminate against non-resident providers of such services.*
2. *Regarding operations abroad, Members may regulate on their territory the promotional activities of non-resident providers of such services.*
3. *Transactions and transfers concerning capital movements in connection with operations covered by Section E of this Code are governed by the Code of Liberalisation of Capital Movements.*

E/1. Payment services.

Payment instruments (including the issuance and use of cheques, travellers' cheques, cash cards and credit cards, other than for credit).

Fund transfer services [including transfer of funds by mail, telephone, telex, telegraph, telefax, electronic connection or money transfer (giro)].

Remark: Transactions and transfers for travel and tourism are governed by item G of this Code.

E/2. Banking and investment services (for securities, collective investment securities, other negotiable instruments and non-securitised claims, credits and loans, sureties, guarantees and financial back up facilities, liquid funds and foreign exchange).

Underwriting (syndication and distribution of new financial assets).

Broker/dealer services (intermediation and market making in the purchase, sale or exchange of financial assets, including liquid funds and foreign exchange).

Financial market information, communications and execution systems.

E/3. Settlement, clearing and custodial and depository services (for securities, collective investment securities, other negotiable instruments and non-securitised claims, liquid funds and foreign exchange).

Settlement and clearing systems.

Custodial and depository services.

Remark: Members may require that non-residents participate in a domestic settlement and clearing system only through a branch or subsidiary established in the territory of the Member concerned.

E/4. Asset management.

Cash management.

Portfolio management.

Pension fund management.

Safekeeping of assets.

Trust services.

E/5. Advisory and agency services.

Credit reference and analysis.

Investment research and advice (including securities rating agencies).

Mergers, acquisitions, restructurings, management buy outs, venture capital.

E/6. Fees, commissions and other charges.

Remark: Transfers under item E/6 shall be free provided the underlying transaction is not subject to authorisation or has been authorised by the authorities of the Member concerned.

E/7. Conditions for establishment and operation of branches, agencies, etc. of non-resident investors in the banking and financial services sector.

See Annex II to Annex A.

F. Income from capital

- | | | | |
|------|--------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| F/1. | Profits from business activity. |) | |
| | |) | |
| F/2. | Dividends and shares in profits. |) | <i>Remark: Does not apply to income deriving from capital acquired otherwise than in conformity with the laws covering the acquisition of capital.</i> |
| F/3. | Interest (including interest on debenture, mortgages, etc.). |) | |
| F/4. | Rent. | | |

G. Travel and tourism

Remark: This section covers all international travel as well as stays abroad for purposes other than immigration, such as pleasure, recreation, holiday, sport, business, visits to relatives or friends, missions, meetings, conferences or for reasons of health, education or religion.

No restrictions shall be imposed by Member countries on expenditure by residents for purposes of international tourism or other international travel. For the settlement of such expenditure, no restrictions shall be placed on transfers abroad by or on behalf of travellers or on the use abroad of cash cards or credit cards, in accordance with the provisions of Annex IV. Travellers shall, moreover, be automatically permitted to acquire, export and import domestic and foreign bank notes and to use travellers' cheques abroad in accordance with the provisions of Annex IV; additional amounts in travellers' cheques and/or foreign bank notes shall be allowed on presentation of justification. Lastly, travellers shall be permitted to undertake foreign exchange transactions according to the provisions of Annex IV.

H. Films

H/1. Exportation, importation, distribution and use of printed films and other recordings whatever the means of reproduction for private or cinema exhibition, or for television broadcasts⁶.

Remark: The provisions of Annex V shall also apply. Members shall grant any authorisation required for transactions which they had authorised on 1st January 1959, in virtue of regulations or international agreements in force on that date.

J. Personal income and expenditure

J/1. Pensions and other income of a similar nature.

Remark: In favour of persons who, after having spent their life in a Member State other than their State of origin, establish themselves in any other member State including their own.

J/2. Maintenance payments resulting from a legal obligation or from a decision of a court and financial assistance in cases of hardship.

J/3. Immigrants' remittances.

Remarks: Free periodic transfer to the Member State of which the person demanding the transfer is a national, of salaries, fees, wages, and other current remuneration, after deduction of living expenses, taxes, and social insurance.

No less favourable treatment shall be accorded to demands for the transfer of earnings of self-employed persons or members of the liberal professions.

J/4. Current maintenance and repair of private property abroad.

J/5. Transfer of minor amounts abroad.

J/6. Subscriptions to newspapers,) *Remark: To the extent to which*
periodicals, books, musical publications.) *transactions in connection with these*
) *items do not constitute visible trade.*

Newspapers, periodicals, books, musical publications and records.

J/7. Sports prizes and racing earnings.

Remark: In accordance with the laws of the Members concerned.

K. Public income and expenditure⁷

K/1. Taxes.

K/2. Government expenditure (transfer of amounts due by governments to non-residents and in connection with official representation abroad and contributions to international organisations).

K/3. Settlements in connection with public transport and postal, telegraphic and telephone services.

K/4. Consular receipts.

L. General

L/1. Advertising by all media.

L/2. Court expenses.

L/3. Damages.

L/4. Fines.

L/5. Membership of associations, clubs and other organisations.

L/6. Professional services (including services of accountants, artists, consultants, doctors, engineers, experts, lawyers, etc.).

- L/7. Refunds in the case of cancellation of contracts and refunds of uncalled for payments.
- L/8. Registration of patents and trade marks.

Notes to Annex A

Note 1. The provisions of C/1 "Maritime freights, including chartering, harbour expenses, disbursements for fishing vessels, etc.", of C/5, first sub paragraph "For all means of maritime transport: harbour services (including bunkering and provisioning, maintenance, repairs, expenses for crews, etc.)", and of the other items that have a direct or indirect bearing on international maritime transport, are intended to give residents of one Member State the unrestricted opportunity to avail themselves of, and pay for, all services in connection with international maritime transport which are offered by residents of any other Member State. As the shipping policy of the governments of the Members is based on the principle of free circulation of shipping in international trade in free and fair competition, it follows that the freedom of transactions and transfers in connection with maritime transport should not be hampered by measures in the field of exchange control, by legislative provisions in favour of the national flag, by arrangements made by governmental or semi-governmental organisations giving preferential treatment to national flag ships, by preferential shipping clauses in trade agreements, by the operation of import and export licensing systems so as to influence the flag of the carrying ship, or by discriminatory port regulations or taxation measures -- the aim always being that liberal and competitive commercial and shipping practices and procedures should be followed in international trade and normal commercial considerations should alone determine the method and flag of shipment.

The second sentence of this Note does not apply to the United States.

Note 2. The following are the definitions of the terms employed in the Remarks against C/5 (Maritime transport) and C/6 (Repair of ships) which have been adopted by the Council:

Current maintenance: work which may conveniently be undertaken during a vessel's stay in port, which will contribute towards her general upkeep and efficiency, without being immediately necessary for her continued operation.

Voyage repairs: work which is required during a voyage, due to the normal risks of the sea (e.g. weather damage) to enable the vessel to complete the voyage.

Emergency repairs: similar to voyage repairs, but due to less normal causes, such as sudden machinery breakdown or collisions.

Classification: the special work required to pass the survey which the Classification Society holds on each ship every four years.

Conversion: the major operation of altering the size of a ship or the type, e.g. from steamer to motorship, from passenger/cargo to cargo ship, or from coal burner to oil burner.

Note 3. According to the type of knowledge and/or the nature of the contract, "know how" and manufacturing processes fall under any of the three headings of A/3, A/5 and A/7.

Annex I to Annex A:

Insurance and Private Pensions

PART I

D/2. Insurance relating to goods in international trade.⁸

Insurance contracts relating to goods in international trade shall be concluded freely between a proposer in a Member and the establishment of a foreign insurer, whether situated in the proposer's country of residence or in another Member.

The transfers required for the execution of such contracts or for the exercise of rights arising therefrom shall be free.

D/3. Life assurance.⁹

1. Transactions and transfers relating to life assurance between a proposer in a Member and a foreign insurer not established in the country of residence of the proposer shall be free.

2. Under existing contracts:

- | | | | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) | Transfers of premiums ¹⁰ due to non-resident insurers from residents shall be free; |) | <i>Such transfers shall be free also in the case of contracts under which the persons from whom premiums are due or the beneficiaries to whom disbursements are due were residents of the same country as the insurer at the time of the conclusion of the contract but have changed their residence since.</i> |
| b) | Transfers of pensions and annuities other than annuities certain ¹¹ due to non-resident beneficiaries from resident insurers shall be free. |) | |

3. Members in which premiums paid are allowed, totally or partially, as a deduction for tax purposes shall grant the same benefits whether the contract has been concluded with an insurer established on their territory or abroad.

D/4. All other insurance.

4. Transactions and transfers between a proposer in a Member and a foreign insurer not established in the country of residence of the proposer, relating to insurance other than that covered under items D/2 and D/3, except group insurance and insurance which is compulsory in the country of residence of the proposer, shall be free.

5. Transactions and transfers shall be free whenever it is not possible to cover a risk in the Member in which it exists.

6. Members in which premiums paid are allowed, totally or partially, as a deduction for tax purposes shall grant the same benefits whether the contract has been concluded with an insurer established on their territory or abroad.

7.

- a) Transfers of amounts due in respect of indemnities to be settled abroad and paid or payable in execution of an insurance contract by an insurer acting on his own behalf or on behalf of his client shall be free¹²;

- b) Transfers of costs, subsidiary expenses or sums necessary for the exercise of any rights arising out of an insurance contract shall be free;
- c) Without prejudice to cases which are settled individually, each Member shall authorise insurers or their agents who are established in its territory and who settle claims under reciprocal arrangements to offset the payments made on each side and to transfer the balance thereof.

PART II

D/5. Reinsurance and retrocession.

1. Accounts relating to reinsurance operations, including the constitution and adjustment of guarantee deposits held by the ceding insurers, as well as accounts relating to cash losses, may be drawn up on the currency of the direct insurance contract, in the national currency of the ceding insurer or in the national currency of the acceptor, according to the provisions of the reinsurance treaty or agreement.

2. The settlement of balances resulting from the account referred to in paragraph 1 shall be authorised. Settlement may be made either by a set off of any reciprocal credits of the ceding insurer and the reinsurer or (as agreed between the parties):

- a) By transfer to the country of residence of the creditor; or
- b) By payment through a bank account opened in accordance with the provisions of paragraph 3 below; or
- c) By transfer to another Member to the credit of a bank account opened in accordance with the provisions of paragraph 3 below if the contract stipulates that payment should be made in that Member's currency.

3. Reinsurers shall be authorised to open accounts in banks established in Members. These accounts may be credited with the amounts due to their holders arising out of reinsurance operations which are to be settled in accordance with the provisions of paragraph 2 b) and c). They may be debited, at the choice of their holders, with the amounts due under any settlement in connection with reinsurance operations if it is made in accordance with the provisions of paragraph 2 b) and c) and complies with normal practice. The balances of such accounts may also be transferred to the country of residence of the reinsurer holding the account in question.

4. The provisions of paragraphs 1 to 3 shall apply also to retrocession operations.

PART III

D/6. Conditions for establishment and operation of branches and agencies of foreign insurers¹³.

General

All laws, regulations and administrative practices relating to insurance shall ensure equivalent treatment for national insurers and insurers from other Members so that the latter shall not be liable to heavier burdens than those imposed on national insurers.

Authorisations

Where the establishment of insurers in a Member is made subject to authorisation:

- a) The competent authorities shall make available to each insurer from another Member applying for authorisation a written statement setting out fully and precisely the documents and information that the applicant insurer must supply for the purpose of obtaining authorisation, and shall ensure that any procedures to be followed prior to the lodging of an application are straightforward and expeditious;
- b) Where in addition to legal, financial, accounting and technical requirements (e.g. requirements concerning the form of the undertaking, qualification of directors or managers, reinsurance arrangements, etc.) the grant of authorisation is also subject to other criteria, the competent authorities shall inform applicant insurers of such criteria at the time of their application, and shall apply these criteria in the same way to national insurers as to insurers from other Members. The grant of authorisation shall not be subject to the criterion of the needs of the national insurance market;
- c) The competent authorities shall decide on each application for authorisation by an insurer from another Member not later than six months from the date on which that application has been completed in all particulars and shall without further delay notify their decision to that insurer;
- d) Where the competent authorities ask an insurer from another Member for modifications to a completed application for authorisation, they shall inform that insurer of the reasons for seeking such modifications and shall do so under the same conditions as for a national insurer;
- e) Where an application for authorisation by an insurer from another Member is refused, the competent authorities shall advise that insurer of the reasons for their decision, and shall do so under the same conditions as for a national insurer;
- f) Where authorisation is refused, or where the competent authorities have not dealt with an application upon the expiry of the period of six months provided for under paragraph c) above, insurers from other Members shall have the same right of appeal as national insurers.

Membership of Associations with Regulatory Powers

Members shall ensure that, in areas under their jurisdiction, discrimination on grounds of nationality is not practised in their jurisdiction as to conditions for membership in any professional association with regulatory powers, which membership is necessary in order to provide insurance services on an equal basis with domestic enterprises or natural persons, or which confers particular privileges or advantages in providing such services.

Financial Guarantees for Establishment¹⁴

- a) Where financial guarantees of any kind are imposed for the establishment of a branch or agency of a foreign insurer, the total amount of such financial requirements shall be no more than that required of a national insurer to engage in similar activities.
- b) Any financial guarantee requirement may be applied to more than one branch or agency of a foreign insurer, but the total amount of the financial requirements to be furnished by the branches and agencies of the same foreign insurer, taken overall, shall be no more than that required of a national insurer to engage in similar activities.
- c) Any financial guarantee requirement may be met by payment in the currency of the host Member.

Controlled investments and deposits

Members shall ensure that enterprises from other Members operating in their territory are not subject to provisions concerning the choice, valuation, including depreciation, and changes of investments more burdensome than those applying to national insurers engaging in similar activities.

Transfers

- a) The transfer of all amounts which the statutory or administrative controls governing insurance do not require to be kept in the country shall be free.
- b) The insurers from a Member who execute direct insurance transactions in another Member through one or more branches or through agents shall be authorised, insofar as such insurers, their branches or agents have no adequate funds available in that country, to transfer to that country such amounts as they require to continue to meet the legal liabilities and/or contractual obligations arising from such transactions.
- c) In accordance with item F/1 of the List of Current Invisible Operations, the transfer of profits arising out of direct insurance operations shall be free. Profits shall be understood to mean the surplus available after providing for liabilities in respect of all legal and/or contractual obligations.

PART IV

D/7. Entities providing other insurance services¹⁵.

Transactions and transfers relating to intermediation services, auxiliary services and representation services between a proposer in a Member and a foreign provider shall be free.

D/8. Private pensions¹⁶.

- Transactions and transfers relating to private pensions between a proposer in a Member and a foreign provider shall be free.
- Members in which contributions paid are allowed, totally or partially, as a deduction for tax purposes shall grant the same benefits whether the contract has been concluded with a provider established on their territory or abroad."

Appendix to Annex I to Annex A:

Interpretations of the Insurance and Private Pensions Provisions of the Code of Liberalisation of Current Invisible Operations

Section		Interpretation
D	General: Insurance & private pensions	<p>The term "regulatory measures" designates all measures taken for the protection of policyholders, insured persons and beneficiaries. These measures include prudential safeguards in the stricter sense, i.e. rules on solvency, technical provisions and investments, as well as prudential measures in a broader sense, relating for example to contract law, intermediation, etc. They also include measures relating to promotion.</p> <p>Promotion covers promotional activities related to all activities covered by the insurance and private pensions provisions of the Code and is exclusive of individualised pre-contractual contacts between the proposer and the intermediary/insurance undertaking. Included under promotion are advertisements by</p>

		<p>media or Internet. Promotion should be distinguished from intermediation and underwriting. As Items D/1 to D/8 in the annex cover regulatory measures related to specific areas in the field of insurance, any reservation concerning measures in these areas are to be lodged with the specific item in question.</p> <p>The term “resident provider of a Member” designates a domestic provider as well as a branch established by a foreign provider in this Member’s territory. In case a foreign provider has a branch within a Member’s territory but carries out activities otherwise than by using this branch, these activities are deemed to be carried out by a non-resident provider.</p> <p>Cross-border provision of insurance and private pensions services covers transactions and transfers concluded both on the initiative of the insurer or the proposer (the latter denoted as “correspondence insurance”).</p>
D/1	Social security and social insurance	<p>The obligations of the Code do not restrict the right for a Member to impose an affiliation to their social security system under certain conditions of residence or activity on their territory.</p> <p>Item D/1 does not cover the supply of insurance related to government benefit arrangements, such as social security, by foreign companies.</p>
D/3	Life assurance	<p>Item D/3 covers the whole cross-border provision of insurance services, regardless of whether the insurance contract was placed abroad at the initiative of the insurer or the policyholder (the latter denoted as “correspondence insurance”).</p> <p>Item D/3 relates only to foreign insurers not established in the country of residence of the proposer, while restrictions to eventual reservations concerning the treatment of branches established in the country of residence of the proposer should be lodged in item D/6 of the Code and against the relevant provisions of the Code of Liberalisation of Capital Movements.</p>
D/4	Other insurance	<p>Item D/4 covers the whole cross-border provision of insurance services, regardless of whether the insurance contract was placed abroad at the initiative of the insurer or the policyholder (the latter denoted as “correspondence insurance”).</p> <p>Item D/4 relates to foreign insurers not established in the country of residence of the proposer, while restrictions to eventual reservations concerning the treatment of branches established in the country of residence of the proposer should be lodged in the item D/6 of the Code and against the relevant provisions of the Code of Liberalisation of Capital Movements.</p>
D/6	Conditions of establishment and operation of branches and agencies of foreign insurers	<p>Item D/6 applies to services in connection to both insurance and reinsurance activities. According to European legislation, an authorisation is necessary for branches established in a Member and belonging to undertakings whose head offices are outside the EU. The requirements for such undertakings are not deemed to be globally superior to those imposed on insurers from EU jurisdictions, so that reservations based on the EU legislation are thus not necessary (i.e., equivalency of treatment). A similar</p>

		<p>conclusion was reached as concerns Switzerland whose requirements are very comparable to the ones of the EU.</p> <p>As regards branches of reinsurance companies, the same principles apply. Insofar as the setting up of a national reinsurance undertaking is subject to a licensing procedure, the requirement of an authorisation for the establishment of a branch by a foreign reinsurer is not as such contrary to the obligations of the Code and does thus not call for a reservation, if the conditions for this authorisation are not globally superior to the ones applicable to national reinsurers.</p> <p>The existence of registration or licensing requirements for general managers of foreign branches and agencies in the field of insurance are not contrary to the Code insofar as these requirements are not globally superior to those applicable to domestic providers.</p>
D/7	Entities providing other insurance services	<p>Item D/7 applies to services in connection to both insurance and reinsurance activities.</p> <p>The scope of Item D/7 covers:</p> <ul style="list-style-type: none"> • both the activities of entities providing other insurance services under the establishment regime and the freedom to provide cross-border services; and, • all activities under the freedom to provide services whether service provision is on the initiative of the provider or the beneficiary of the service. <p>Auditing services are not to be considered as other insurance services, since similar services are provided to all kinds of firms and are not specific to insurance. No reservation is thus needed in this respect.</p> <p>The enumeration of auxiliary services in the footnote of Item D/7 in Annex I to Annex A is considered to be exhaustive, the auxiliary services covering thus only consultancy, actuarial, risk assessment and claims settlement services.</p> <p>Following the new chapter D on prudential considerations, the existence of regulatory measures, including licensing requirements, in the field of intermediation, auxiliary and representation services are not contrary to the Code insofar these measures do not discriminate against non-resident providers of such services. No reservations are thus needed for regulatory but not discriminatory measures.</p> <p>The existence of registration or licensing requirements for the provision of services of Item D/7 is not contrary to the obligations of the Code insofar that this registration is not subject to conditions globally superior to those applicable to domestic providers.</p>
D/8	Private pensions	<p>The provisions of Item D/8 should:</p> <ul style="list-style-type: none"> • cover the activities of entities other than insurance companies whether under the establishment regime or

		<p>under the freedom to provide cross-border services;</p> <ul style="list-style-type: none"> • cover all activities under the freedom to provide services contracted between a proposer in one Member and an entity established in another Member whether on the initiative of the entity concerned or on the initiative of the proposer; and, • apply both to pensions related to the exercise of professional occupation by the proposer and to pensions that are not in any way connected to a professional occupation. <p>The term “transfer” employed in the first bullet point of Item D/8, similar to the Items D/3 paragraph 1 and D/4 paragraph 4, is to be interpreted in the sense of transfers of premiums and benefits arising from the pension contracts. Portfolio transfers from a resident provider to a non-resident provider are not dealt with under Item D/8.</p> <p>The existence of registration or licensing requirements for private pension fund managers and trustees are not contrary to the Code insofar as these requirements are not globally superior to those applicable to domestic providers.</p>
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Annex II to Annex A:

Conditions for the Establishment and Operation of Branches, Agencies, etc. of Non-Resident Investors in the Banking and Financial Services Sector

General

1. Laws, regulations and administrative practices shall ensure equivalent treatment of domestic enterprises and of branches or agencies of non-resident enterprises operating in the field of banking or financial services (including securities dealing) so that the establishment of branches and agencies of non-resident enterprises shall not be subject to more burdensome requirements than those applying to domestic enterprises.

Authorisations

2. Where the establishment of banks, credit institutions, securities firms, or other financial enterprises is made subject to authorisations:

- a) The competent authorities shall make available to each non-resident enterprise applying for authorisation a written statement setting out fully and precisely the documents and information that the applicant must supply for the purpose of obtaining authorisation, and shall ensure that any procedures to be followed prior to the lodging of an application are straightforward and expeditious;
- b) Where in addition to legal, financial, accounting and technical requirements (e.g. requirements concerning the form of the undertaking, qualifications of directors or managers, etc.) authorisation is also subject to other criteria, the competent authorities shall inform applicant enterprises of such criteria at the time of their application and shall apply these criteria in the same way to both domestic and non-resident enterprises;
- c) The competent authorities shall decide on each application for authorisation from a non-resident enterprise not later than six months from the date of which the application has been

completed in all particulars and shall without further delay notify the enterprise of their decisions;

- d) Where the competent authorities ask a non-resident enterprise for modifications to a completed application for authorisation, they shall inform the enterprise of the reasons for seeking such modifications and shall do so under the same conditions as for a domestic enterprise;
- e) Where an application for authorisation by a non-resident enterprise is refused, the competent authorities shall advise the enterprise of the reasons for their decision and shall do so under the same conditions as for a domestic enterprise;
- f) Where authorisation is refused, or where the competent authorities have not dealt with an application upon the expiry of the period of six months provided for under sub paragraph c) above, non-resident enterprises shall have the same right of appeal as domestic enterprises.

Representation

3. An enterprise from one Member country operating in another Member country may appoint as its representative any competent person who is domiciled and actually resident in that other country, irrespective of his nationality.

Representative Offices

4.

- a) An enterprise from one Member country may establish a representative office in another Member country, subject to advance notification to the other Member country;
- b) A representative office shall be permitted to promote business on behalf of its parent enterprise.

Self Employed Intermediaries

5. Members shall impose no restrictions upon the nationality of persons authorised to act as intermediaries in banking and financial services activities, to operate in any segment of the markets relating to those activities or to become members of institutions such as professional associations, securities or other exchanges or markets, self-regulatory bodies of securities or other market intermediaries.

Membership of Associations or Regulatory Bodies

6. Members shall be responsible for assuring that discrimination by nationality is not practised in their jurisdiction as to conditions for membership in any private professional association, self-regulatory body, securities exchange or market, or other private association, membership in which it is necessary to engage in banking or financial services on an equal basis with domestic enterprises or natural persons, or which confers particular privileges or advantages in providing such services.

Prudential Considerations

7. Domestic laws, regulations and administrative practices needed to assure the soundness of the financial system or to protect depositors, savers and other claimants shall not prevent the establishment of branches or agencies of non-resident enterprises on terms and conditions equivalent to those applying to domestic enterprises operating in the field of banking or financial services.

Financial Requirements for Establishment

8.

- a) Where financial requirements of any kind are imposed for the establishment of a branch or agency of a non-resident enterprise to engage in banking or financial services, the total amount of such financial requirements shall be no more than that required of a domestic enterprise to engage in similar activities.
- b) Any financial requirement may be met by payment in the currency of the host country.
- c) Any financial requirement may be applied to more than one branch or agency of a non-resident enterprise, but the total of the financial requirements to be furnished by all the branches and agencies of the same non-resident enterprise shall be no more than that required of a domestic enterprise to engage in similar activities.
- d) Whenever a ratio or other measure is used for prudential or other purposes, for example, for assessing the liquidity, solvency or foreign exchange position of a branch or agency of a non-resident enterprise, full account shall be taken of the total amount of any financial requirements that have been met in the establishment of such branches or agencies and of any financial contribution of the same nature that has been provided in excess of such requirements.
- e) Whenever a ratio measure is used for prudential or other purposes, the ratio applied to the branches or agencies of non-resident enterprises shall be no less favourable than that applied to domestic enterprises, and shall not differ in any way other than in the replacement of paid up capital for domestic enterprises by the total amount of any financial requirements that have been met in the establishment of branches or agencies of non-resident enterprises and of any financial contribution of the same nature that has been provided in excess of such requirements.
- f) Any other measures used for prudential or other purposes shall be no less favourable to the branches and agencies of non-resident enterprises than to domestic enterprises.

Annex III to Annex A:

Air Transport

C/4. Air transport: passengers and freights, including chartering.

Payment by passengers of international air tickets and excess luggage charges; payment of international air freight charges and chartered flights.

Remark: Each Member shall authorise residents of other Member States and its own residents to use its national currency to make the necessary payments on their own account within its own territory in respect of this item.

Annex IV to Annex A

International Movement of Bank Notes and Travellers' Cheques, Exchange of Means of Payment by Travellers and Use of Cash Cards and Credit Cards Abroad

1. Import of domestic bank notes

When entering a Member State, non-resident travellers shall be automatically permitted to import at least the equivalent of 1 250 units of account in that Member's bank notes. Resident travellers returning to their country of residence shall be automatically permitted to import bank notes of that

State up to the total amount exported on their departure therefrom, or lawfully acquired during their stay abroad.

2. *Export of domestic bank notes*

When leaving a Member State, resident and non-resident travellers shall be automatically permitted to export at least the equivalent of 150 units of account per person per journey in that Member's bank notes. No justification shall be required concerning such export.

3. *Import of travellers' cheques and foreign bank notes*

When entering a Member State, resident and non-resident travellers shall be automatically permitted to import foreign bank notes and travellers' cheques regardless of the currency in which they are denominated. This provision does not imply an obligation for the authorities of Member States to provide for the purchase or exchange of travellers' cheques and foreign bank notes so imported beyond that contained in paragraph 5 below.

4. *Export of travellers' cheques and foreign bank notes*

a) *Residents*

When leaving a Member State, resident travellers shall be automatically permitted to acquire and to export in a proportion left to the traveller the equivalent of at least 1 250 units of account per person per journey in travellers' cheques, regardless of the currency in which they are denominated, and in foreign bank notes. No request for justification shall be made concerning such acquisition and export. Under this provision, foreign exchange dealers shall be free, within the limits of their national regulations, to obtain foreign bank notes and to sell them to travellers. The present provision does not imply any obligation for the authorities themselves to provide such travellers' cheques or foreign bank notes either directly to the travellers or to foreign exchange dealers.

b) *Non residents*

When leaving a Member State, non-resident travellers shall be automatically permitted to export travellers' cheques, regardless of the currency in which they are denominated, and foreign bank notes up to the equivalent of the total previously imported or lawfully acquired during their stay.

5. *Exchange of means of payment: non residents*

Exchange into Member States' currencies.

Non-resident travellers shall be permitted to exchange into means of payment in the currency of any foreign Member State:

- i) Means of payment in the currency of another foreign Member State which can be shown to have been lawfully imported; and
- ii) Domestic bank notes which can be shown to have been acquired against such means of payment in the currency of another foreign Member State during their stay.

Under this provision foreign exchange dealers shall be free, within the limits of their national regulations, to exchange the means of payment in question. The provision does not imply any obligation for the authorities themselves to provide such means of payment either directly to the travellers or to foreign exchange dealers.

6. Use of cash cards and credit cards abroad

The principle of the free use of cash cards and credit cards abroad provided for under Section G of the Code does not imply any obligation for the agencies issuing cash cards or credit cards to amend the rules governing the use of such cards for the settlement of expenditure relating to travel or stays abroad or for obtaining cash abroad.

Annex V to Annex A:

Films

Aid to production

1. For cultural reasons, systems of aid to the production of printed films for cinema exhibition may be maintained provided that they do not significantly distort international competition in export markets.

Screen quotas for printed films for cinema exhibition

2. For full length films made or dubbed in the language of the importing country, internal quantitative regulations may be maintained in the form of screen quotas requiring the exhibition of films of domestic origin during a specific minimum proportion of the total screen time actually utilised over a specified period of not less than one year¹⁷.

3. Original versions of feature films produced in other Member States in a language foreign to that of the importing country shall be:

- i) Excluded from the calculation of the screen quota for domestic films; or
- ii) Admitted for exhibition in specialised cinemas which, as a general rule, are not obliged to observe the screen quotas; or
- iii) Admitted for exhibition in cinemas other than those mentioned in ii) under a global screen quota instead of a screen quota applying to individual cinemas.

4. Short information or documentary films produced in other Member States shall gradually be excluded from the calculation of the screen quota for domestic films.

Freedom from duties, deposits or taxes

5. Printed films shall not be subject to any duties, deposits, or taxes which discriminate against imported films.

6. Short information or documentary films produced in other Member States shall enjoy certain of the benefits if any, granted to domestic films in this category (e.g. substantial prize awards according to merit, or tax relief on showing).

7. Provided they are intended solely for non-commercial exhibition and are imported by organisations approved by the competent authorities of the country concerned for the purpose of importing such films free from import duties and import taxes, the following categories of films produced in other Member States shall be free from those duties and taxes:

- a) Newsreels, at least for two copies of each subject;
- b) Educational, scientific or cultural film recognised as such by:
 - i) the importing and the exporting country; or
 - ii) the Fédération Internationale des Archives du Film (FIAF);

- c) Tourist publicity films, provided they comply with the conditions laid down in Articles 13 c) and 14 of the Annex to the Decision of the Council dated 20th February 1968, concerning administrative facilities in favour of international tourism [C(68)32]. (See Note page 52).

Co production

8. The regulations defining domestically produced films shall be such that any film produced under an international co production arrangement shall automatically enjoy, in all the Member States that are parties thereto, treatment as favourable as that given to domestically produced films.

Notes

***Tourist publicity films. Conditions for import free of import duties and import taxes, laid down in Council Decision C(68)32
[See paragraph 7 c) of Annex V]***

1 Article 13 c) of the annex to the Decision of the Council of 20th February 1968, concerning the importation of tourist publicity documents and articles [C(68)32], lays down that, subject to the conditions laid down in Article 14 of the Annex to the Decision, the following articles (inter alia) shall be admitted temporarily free of import duties and import taxes, without entering into a bond in respect of those duties and taxes, or depositing those duties and taxes, when imported from one of the States chiefly for the purpose of encouraging the public to visit that State, inter alia to attend cultural, touristic, sporting, religious or professional meetings or demonstrations held in that State:

Documentary films, records, tape recordings and other sound recordings intended for use in performances at which no charge is made, but excluding those whose subjects lend themselves to commercial advertising and those which are on general sale in the State of importation.

2 Article 14 of the Annex to the Council Decision lays down the facilities provided in Article 13 shall be granted on the following conditions:

- a) The articles must be dispatched either by an official tourist agency or by a national tourist publicity agency affiliated therewith. Proof shall be furnished by presenting to the customs authorities of the State of import a declaration made out in accordance with the model in Appendix 1 of the Decision, by the dispatching agency. A list of official national tourist agencies in member States is given in Appendix II of the Decision;
- b) The articles must be imported for, and on the responsibility of, either the accredited representative of the official national tourist agency of the State of dispatch, or of the correspondent appointed by the aforesaid agency and approved by the customs authorities of the importing State. The responsibility of the accredited representative or the approved correspondent includes, in particular, the payment of the import duties and taxes which will be chargeable if the conditions laid down in the Decision are not fulfilled;
- c) The articles imported must be re-exported without alteration by the importing agency. If the articles granted temporary free admission are destroyed in accordance with the conditions laid down by the customs authorities, the importer shall nevertheless be freed from the obligation to re-export.

3 Finally, Article 14 provides that the privilege of temporary free admission shall be granted for a period of eighteen months from the date of importation or for such further period as the customs authorities may in special circumstances allow.

Annexes B (individual country reservations under the instrument) to E and Appendixes 1 to 2 are available at this [link](#).

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- ¹ This item does not cover transport between two ports of the same State. Where such transport is open to foreign flags, transfers shall be free.
 - ² For definition of terms employed here and in the Remarks against C/6, see Note 2 of the Notes following Annex A.
 - ³ For definition of terms employed here and in the Remarks against C/5, see Note 2 of the Notes following Annex A.
 - ⁴ Cross-border provision of insurance and private pension services covers transactions and transfers concluded both on the initiative of the provider or the proposer.
 - ⁵ Transaction shall be deemed to mean the conclusion of a direct insurance contract by a person in one Member with an insurer in another Member.
 - ⁶ The provisions of this item do not apply to Canada which accordingly has neither obligations nor rights thereunder [OECD/C(61)89 of 12th December 1961 and C(63)154/FINAL of 3rd March 1964].
 - ⁷ The items in this section apply to transfers only.
 - ⁸ Item D/2 must be interpreted as covering the following sets of classes:
 - a) International Transport in the following classes:

railway rolling stock and other transport: all damage to or loss of railway rolling stock and other transport and all liability arising out of their use

aircraft and satellites: all damage and loss of aircraft

ships (sea, lake and river and canal vessels): all damage or loss of river and canal vessels, lake vessels, sea vessels

aircraft and satellites liability: all liability arising out of the use of aircraft and satellites (including carrier's liability).

liability for ships (sea, lake and river and canal vessels): all liability arising out of the use of ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability)

road transports: all damage and loss of commercial land vehicles used for international business road transports and all liability arising out of their use (including carrier's liability)
 - b) Freight

goods in transit (including merchandise, baggage and all other goods): all damage to or loss of goods in transit or baggage, irrespective of the form of transport
 - ⁹ Item D/3 includes pensions products or services offered by insurance companies.
 - ¹⁰ Transfers of capital and annuities certain in connection with life assurance contracts are governed by the Code of Liberalisation of Capital Movements (List A, items XIII).
 - ¹¹ Transfers of capital and annuities certain in connection with life assurance contracts are governed by the Code of Liberalisation of Capital Movements (List A, items XIII).
 - ¹² The following transfers in particular are included under this item (the list is not exhaustive, but includes the most frequent cases of transfer of insurance indemnities):
 - Transfers of indemnities payable by reason of the insured's liability;
 - Transfers of indemnities to cover physical damage to a ship, aircraft, motor vehicle or any other means of transport;
 - Transfers of indemnities under baggage insurance;
 - Transfers in payment of benefits covered by accident insurance (including individual insurances) or sickness insurance;
 - Transfers to fulfil commitments arising from marine insurance not covered by the above paragraphs (provisional or final contributions in respect of general average, paid by the insurer on behalf of the ship's owner or the consignee of the goods or his agent, the transfer of interest on any bank security substituted for a provisional contribution, transfer of interest in respect of provisional contributions, the transfer of remuneration of assistance and salvage, etc.).
 - ¹³ The following definitions apply with respect to the activities and entities covered by D/6:

Activities covered are those relating to the concept of "production" of insurance services involving the writing of contracts. The activity of such "coverage" corresponds to the technical English term of "underwriting",

used in several English-speaking countries, and to the French “couverture”. The conditions for establishment and operation of entities performing only an intermediary, auxiliary or representative role are the subject of item D/7. “Insurance” refers to any product defined as such by the authorities of the home Member and is taken to include reinsurance.

Entities covered are domestic or foreign insurers expressly authorised or otherwise permitted to cover insurance risks. A foreign insurer is defined as an insurance enterprise having its headquarters in another Member, including subsidiaries of third country enterprises incorporated under the legislation of that other Member. “Branches and agencies of foreign insurers” are defined to include natural persons as well as legal entities entitled to cover insurance/reinsurance risks on behalf of the foreign insurer.

- ¹⁴ For the purposes of this Code, the term “financial guarantee” includes the assets constituting respectively the fixed or initial deposit, the adjustable deposit and the variable deposit, and also the technical reserves and any reserve of another description required under the respective national laws, insofar as the assets constituting such reserves are required to be kept in the country in which the insurer is carrying on business:

- The fixed or initial deposit is the amount which an insurer must constitute and lodge with a prescribed institution in the country in which he is operating, prior to any operation in one or more branches of insurance;
- The adjustable deposit is a deposit which is adjusted according to the amount of business written by the insurer and is not allowed to count towards his technical reserves;
- The variable deposit is a deposit which is adjusted according to the amount of business written by the insurer but is allowed to count towards his technical reserves;
- The technical reserves are the amounts which the insurer sets aside to cover his liabilities under contracts of insurance.

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- a) Auxiliary services such as consultancy, actuarial, risk assessment and claim settlement services.
- b) “Representatives: An insurer from one Member operating in another Member may appoint as his representative any person who is domiciled and actually resident in that other Member, irrespective of his nationality.”
 “Representative Offices: An insurer from one Member shall be permitted to establish a representative office in another Member; a representative office shall be permitted to promote cross-border insurance services authorised in the host Member, on behalf of its parent enterprise.”
- c) The item includes the cross-border provision of services by a foreign provider and the conditions for the establishment and operation of branches and agencies of foreign providers for the services covered by D/7.

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- a) Private pensions are defined as: products or services offered by any entities, other than insurance companies, authorised or otherwise permitted in its home country to provide pensions products or services, through funded schemes (even partly) and operating as a private (or assimilated) entity.
- b) Private pensions apply both to pensions related to the exercise of a professional occupation by the proposer and to pensions that are not in any way connected to a professional occupation.
- c) The item includes the cross-border provision of services by a foreign provider and the conditions for the establishment and operation of branches and agencies of foreign providers for the services covered by D/8.

- ¹⁷ Any screen quotas as defined in this provision shall be calculated on the basis of screen time per cinema per year or the equivalent thereof. With the exception of screen time reserved for films of domestic origin, screen times shall not be allocated formally or in effect among sources of supply.

About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD Member countries are: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

OECD Legal Instruments

Since the creation of the OECD in 1961, around 460 substantive legal instruments have been developed within its framework. These include OECD Acts (i.e. the Decisions and Recommendations adopted by the OECD Council in accordance with the OECD Convention) and other legal instruments developed within the OECD framework (e.g. Declarations, international agreements).

All substantive OECD legal instruments, whether in force or abrogated, are listed in the online Compendium of OECD Legal Instruments. They are presented in five categories:

- **Decisions** are adopted by Council and are legally binding on all Members except those which abstain at the time of adoption. They set out specific rights and obligations and may contain monitoring mechanisms.
- **Recommendations** are adopted by Council and are not legally binding. They represent a political commitment to the principles they contain and entail an expectation that Adherents will do their best to implement them.
- **Substantive Outcome Documents** are adopted by the individual listed Adherents rather than by an OECD body, as the outcome of a ministerial, high-level or other meeting within the framework of the Organisation. They usually set general principles or long-term goals and have a solemn character.
- **International Agreements** are negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.
- **Arrangement, Understanding and Others:** several other types of substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.