



Korea No.1 (2019)

Free Trade Agreement

between the United Kingdom of Great Britain and Northern Ireland and
the Republic of Korea (with Exchange of Notes)

London, 22 August 2019

(Consolidated version)

[The Agreement is not in force]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty*

September 2019

CP 167

Volume II



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TARIFF SCHEDULE OF KOREA

GENERAL NOTES

1. Relation to the Harmonized Tariff Schedule of Korea (HSK). The provisions of this Schedule are generally expressed in terms of the HSK, and the interpretation of the provisions of this Schedule, including the product coverage of subheadings of this Schedule, shall be governed by the General Notes, Section Notes and Chapter Notes of the HSK. To the extent that provisions of this Schedule are identical to the corresponding provisions of the HSK, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the HSK.
2. Base Rates of Customs Duty. The base rates of customs duty set out in this Schedule reflect the Korean Customs Duty Most-Favoured-Nation rates of duty in effect on 6 May 2007.

TARIFF SCHEDULE OF THE UNITED KINGDOM

GENERAL NOTES

1. Relation to the Combined Nomenclature (CN) of the European Union. The provisions of this Schedule are generally expressed in terms of the CN, and the interpretation of the provisions of this Schedule, including the product coverage of subheadings of this Schedule, shall be governed by the General Notes, Section Notes, and Chapter Notes of the CN. To the extent that provisions of this Schedule are identical to the corresponding provisions of the CN, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the CN.

2. Base Rates of Customs Duty. The base rates of customs duty set forth in this Schedule reflect the European Community's Common Customs Tariff rates of duty in effect on 6 May 2007.

Appendix 2-A-1

KOREA

1. This Appendix applies to TRQs provided for in this Agreement and sets out modifications to HSK which reflect the TRQs that Korea shall apply to certain originating goods under this Agreement. In particular, originating goods of the United Kingdom included under this Appendix shall be subject to the rates of duty set out in this Appendix in lieu of the rates of duty specified in Chapters 1 through 97 of the HSK. Notwithstanding any other provision of the HSK, originating goods of the United Kingdom in the quantities described in this Appendix shall be imported into the territory of Korea as provided for in this Appendix. Furthermore, any quantity of originating goods imported from the United Kingdom under a TRQ provided for in this Appendix shall not be counted toward the in-quota amount of any TRQs provided for such goods elsewhere in the HSK.

2. Notwithstanding Article 2.7.7 and paragraphs 5 and 6 of this Appendix, if this Agreement enters into force after 1 July and before 30 June of the next calendar year, the TRQ quantities which shall be applicable for the remainder of that year shall be reduced pro rata to the remaining number of days of that year. Notwithstanding Article 2.7.7 and paragraphs 5 and 6 of this Appendix, if this Agreement enters into force after 1 July and before 30 June of the next calendar year, licences relating to that year shall be administered starting on the first business day after the date of entry into force of this Agreement.

Licensing System for TRQs Provided for in this Agreement

3. Korea may use a licensing system to administer and implement the TRQs provided for in paragraphs 5 and 6, provided that the conditions set forth in subparagraph (a) are met. The Parties shall agree in the Committee on Trade in Goods on the policies and procedures for the licensing system, including eligibility to receive TRQ quantities, and any changes or amendments to them:

- (a) (i) If less than 95 percent of the in-quota quantity of a TRQ is utilised in two of three consecutive years, on the written request of the United Kingdom, the Parties shall consult in the Committee on Trade in Goods regarding the operation of the allocation system with a view to identifying and addressing the causes for the incomplete utilisation of the in-quota quantity. In the consultations, the Parties shall consider prevailing market conditions;
- (ii) The Parties shall hold consultations within 30 days of the date of the request;
- (iii) Korea shall implement any decision in the Committee on Trade in Goods that the Parties reach in the consultations on

the means to facilitate full utilisation of the TRQ within 60 days of the decision, or by such other date as the Parties may agree on; and

- (iv) Korea shall permit originating goods of the United Kingdom to enter under the relevant TRQ on a first-come, first-served basis if either of the following occurs:
 - (A) Korea does not implement a decision in accordance with subparagraph (a)(iii); or
 - (B) the consultations referred to under subparagraph (a)(i) do not result in a decision within 90 days of the date of the request for consultations or by such other date as the Parties may agree on.
- (b) On the written request of either Party, the Parties shall consult on any matter related to the application or operation of this paragraph. The consultations shall begin within 15 business days of the date the [other] Party receives the request for consultations, or on such other date as the Parties may agree.

State Trading Enterprises

4. Korea may require an originating good of the United Kingdom to be imported, purchased or distributed in its territory by a state trading enterprise only if, and on such terms and conditions as, the Parties may agree.

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5. (a) The aggregate quantity of originating goods of the United Kingdom described in subparagraph (c) that shall be permitted to enter free of customs duty in a particular year is specified below:

Year	Quantity (Metric Tons)
9	1,521
10	1,567
11	1,614
12	1,662
13	1,712
14	1,764
15	1,816
16	Unlimited

The Korea Agro-Fisheries and Food Trade Corporation shall administer the licenses for these TRQs starting on the first business day of the first month of each year on a first come, first-served basis, in response to written applications that it receives. Between the first business day and the last day of the first month, if the aggregate TRQ quantity requested by the applicants exceeds the total TRQ quantity for that year, the Corporation shall allocate the TRQ quantities among applicants on a pro rata basis.

If the aggregate TRQ quantity requested during the first month is less than the aggregate TRQ quantity for the year, the Corporation shall continue to allocate the TRQ on a first come, first-served basis through the end of the year. Each license the Corporation issues to an applicant shall be valid for 90 days from the date of issuance, unused licenses shall be surrendered to the Corporation when the 90 day period expires, and the Corporation shall reallocate unused quantities to applicants on a first-come, first-served basis within 45 days of the date the licenses are surrendered.

- (b) Customs duties on goods entered in excess of the quantities listed in subparagraph (a) shall be removed in accordance with staging category "15" as described in paragraph 1(j) of Annex 2-A.
- (c) Subparagraphs (a) and (b) apply to the following HSK provisions: 1003.00.1000 and 1107.10.0000.

Supplementary feeds, animal

- 6. (a) The aggregate quantity of originating goods of the United Kingdom described in subparagraph (c) that shall be permitted to enter free of customs duty in a particular year is specified below:

Year	Quantity (Metric Tons)
9	609
10	627
11	646
12	665
13	Unlimited

The Korea Feed Ingredients Association and the Korea Feed Milk Replacer Association shall administer these TRQs and allocate the in-quota quantity through licensing systems. These TRQs shall be allocated based on the amount of originating goods described in subparagraph (c) imported by applicants during the 24 month period immediately preceding the year for which the license is issued and the quantity of originating goods requested by applicants for the year.

- (b) Customs duties on goods entered in excess of the quantities listed in subparagraph (a) shall be removed in accordance with staging category "12" as described in paragraph 1(h) of Annex 2-A.
- (c) Subparagraphs (a) and (b) apply to the following HSK provisions: 2309.90.2010, 2309.90.2020, 2309.90.2099 and 2309.90.9000.

Appendix 2-A-2

THE UNITED KINGDOM

1. This Appendix sets out modifications to the entry price scheme that the United Kingdom may apply to certain fruits and vegetables in accordance with the United Kingdom's WTO Schedule XIX. In particular, originating goods of Korea included under this Appendix shall be subject to the entry price scheme set out in this Appendix in lieu of the entry price scheme specified in the United Kingdom's WTO Schedule XIX.

2. For originating goods of Korea to which the United Kingdom may apply its entry price scheme in accordance with the United Kingdom's WTO Schedule XIX, the ad valorem customs duties on such goods shall be removed in accordance with the staging categories as set out in the United Kingdom's Schedule included in Annex 2-A.

3. The specific customs duties provided for in the United Kingdom's WTO Schedule XIX on the goods under paragraph 2 shall not be subject to the elimination of customs duties in accordance with the staging categories as set out in the United Kingdom's Schedule included in Annex 2-A. Instead, the duties shall:

(a) be eliminated entirely as from 1 July 2011 for the following goods:

CN code	Description
07070005	Cucumbers, fresh or chilled
08082050	Fresh pears (excl. perry pears, in bulk, from 1 August to 31 December)
08092005	Fresh sour cherries "Prunus cerasus"
08092095	Fresh cherries (excl. sour cherries "Prunus cerasus")
20096110	Grape juice, incl. grape must, unfermented, Brix value \leq 30 at 20°C, value of $>$ 18 € per 100 kg, whether or not containing added sugar or other sweetening matter (excl. containing spirit)
20096919	Grape juice, incl. grape must, unfermented, Brix value $>$ 67 at 20°C, value of $>$ 22 € per 100 kg, whether or not containing added sugar or other sweetening matter (excl. containing spirit)
20096951	Concentrated grape juice, incl. grape must, unfermented, Brix value $>$ 30 but \leq 67 at 20°C, value of $>$ 18 € per 100 kg, whether or not containing added sugar or other sweetening matter (excl. containing spirit)
20096959	Grape juice, incl. grape must, unfermented, Brix value $>$ 30 but \leq 67 at 20°C, value of $>$ 18 € per 100 kg, whether or not containing added sugar or other sweetening matter (excl. concentrated or containing spirit)
22043092	Grape must, unfermented, concentrated within the meaning of Additional Note 7 to chapter 22, of a density \leq 1,33 g/cm ³

CN code	Description
	at 20°C and of an actual alcoholic strength by volume ≤ 1% vol but > 0,5% vol (excl. grape must whose fermentation has been arrested by the addition of alcohol)
22043094	Grape must, unfermented, non-concentrated, of a density ≤ 1,33 g/cm ³ at 20°C and of an actual alcoholic strength by volume ≤ 1% vol but > 0,5% vol (excl. grape must whose fermentation has been arrested by the addition of alcohol)
22043096	Grape must, unfermented, concentrated within the meaning of Additional Note 7 to chapter 22, of a density > 1,33 g/cm ³ at 20°C and of an actual alcoholic strength by volume ≤ 1% vol but > 0,5% vol (excl. grape must whose fermentation has been arrested by the addition of alcohol)
22043098	Grape must, unfermented, non-concentrated, of a density > 1,33 g/cm ³ at 20°C and of an actual alcoholic strength by volume ≤ 1% vol but > 0,5% vol (excl. grape must whose fermentation has been arrested by the addition of alcohol)

- (b) be eliminated for the following goods in accordance with the following schedule:

CN code	Description	Elimination on
07099070	Fresh or chilled courgettes	the first day of year 5
07099080	Fresh or chilled globe artichokes	the first day of year 10
08052010	Fresh or dried clementines	the first day of year 15
08052050	Fresh or dried mandarins and wilkings	the first day of year 15
08052070	Fresh or dried tangerines	the first day of year 15
08052090	Fresh or dried tangelos, ortaniques, malaquinas and similar citrus hybrids (excl. clementines, monreales, satsumas, mandarins, wilkings and tangerines)	the first day of year 15
08055010	Fresh or dried lemons "Citrus limon, Citrus limonum"	the first day of year 2
08061010	Fresh table grapes	the first day of year 17
08081080	Fresh apples (excl. cider apples, in bulk, from 16 September to 15 December)	the first day of year 10/20 ¹

¹ The first day of year 20 for the fuji variety.

CN code	Description	Elimination on
08091000	Fresh apricots	the first day of year 7
08093010	Fresh nectarines	the first day of year 10
08093090	Fresh peaches (excl. nectarines)	the first day of year 10
08094005	Fresh plums	the first day of year 10

(c) be maintained for the following goods:

CN code	Description
07020000	Tomatoes, fresh or chilled
08051020	Fresh sweet oranges
08052030	Fresh or dried monreales and satsumas

4. The specific duty under paragraph 3 shall not exceed the lesser specific duty of the prevailing most-favoured-nation (MFN) applied rate, or the MFN applied rate of duty in effect on the day immediately preceding 1 July 2011.

ANNEX 2-B

ELECTRONICS¹

ARTICLE 1

General Provisions

1. Recalling the obligations of the Parties under the WTO Agreement, in particular the TBT Agreement, and recognising the importance of electronics for growth, employment and trade for each Party, the Parties confirm their shared objectives and principles of:

- (a) progressively and simultaneously eliminating tariffs and non-tariff obstacles to bilateral trade;
- (b) establishing competitive market conditions based on principles of openness, non discrimination, proportionality and transparency;
- (c) gradually aligning their domestic regulations with existing international standards;
- (d) promoting "one test" and, where practicable, a supplier's declaration of conformity through elimination of duplicative and unnecessarily burdensome conformity assessment procedures;
- (e) implementing appropriate regulatory and legal enforcement mechanisms related to product liability and market surveillance; and
- (f) enhancing cooperation to foster continued mutually beneficial development in trade, as well as to improve product quality with a view to ensuring protection of public health and safety of products.

2. This Annex shall apply to any standard, technical regulation and conformity assessment procedure that either Party may introduce or maintain with respect to the safety and electromagnetic compatibility (hereinafter referred to as "EMC") of electrical and electronic equipment, professional electrotechnical equipment, electrical household appliances and consumer electronics defined in Appendix 2-B-1 (hereinafter referred to as "covered products").

¹ The effects of any changes related to the requirements or procedures introduced through Articles 4, 5 and 6 of Annex 2-B of the Korea-EU FTA before the Korea-EU FTA ceases to apply to the United Kingdom, shall apply, *mutatis mutandis*, to this Annex.

ARTICLE 2

International Standards and Standard-Setting Bodies

1. The Parties recognise that the International Organization for Standards (hereinafter referred to as the "ISO"), the International Electrotechnical Commission (hereinafter referred to as the "IEC") and the International Telecommunication Union (hereinafter referred to as the "ITU") are the relevant international standard-setting bodies for EMC and safety of covered products².
2. Where relevant international standards established by the ISO, IEC and ITU exist, the Parties shall use these international standards or the relevant parts of them as a basis for any standard, technical regulation or conformity assessment procedure³.
3. The Parties shall ensure that their standard-setting bodies participate in the development of international standards in the ISO, IEC and ITU, and commit to consult with a view to establishing common approaches.

ARTICLE 3

Conformity Assessment Procedure

In case a Party requires a positive assurance of conformity with technical regulations on EMC or safety of covered products, the following rules shall apply⁴:

- (a) conformity assessment procedures shall not be prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to trade with the other Party;
- (b) except as otherwise provided under this Annex, including the transitional arrangements set out in Article 4, each Party shall accept products on its market⁵ on the basis of one or more of the following procedures as positive assurance of conformity to its technical regulations on EMC or safety of covered products:

² The Parties may agree in the future by decision of the Trade Committee on any new international standard-setting bodies which they deem relevant for the purpose of implementing this Article.

³ In case no such international standards exist, or where a Party has adopted any standard, technical regulation or conformity assessment procedure which differs from that under international standards, the Party shall limit its standard, technical regulation or conformity assessment procedure to what is necessary for the achievement of legitimate objectives on safety and other public interest requirements and, wherever appropriate, base them on products requirements in terms of performance rather than design or descriptive characteristics, in accordance with Chapter Four (Technical Barriers to Trade).

⁴ Either Party reserves its right to require in the future positive assurance of conformity for any product currently not subject to positive assurance of conformity, in which case the Party has to comply with its obligations under this Annex.

⁵ The permission to place a product on the market in accordance with this subparagraph shall include permission to affix any mandatory marks that are required for placing such product on the market.

- (i) a supplier's declaration of conformity without requiring the intervention of any conformity assessment body or testing of the product by recognised testing laboratories;
- (ii) a supplier's declaration of conformity based on a test report from any testing laboratory in the other Party's territory that has been notified by the Party at the entry into force of this Agreement or in any subsequent notifications. The notifying Party shall be solely responsible for notifying any laboratory which is competent⁶ to perform the relevant tests in its territory, without prior approval or verification by the importing Party. The importing Party may require that the declaration of conformity is submitted by the supplier before the product is placed on its market and that the declaration contains the name of the testing laboratory issuing the test report and the issuing date of the test report. The importing Party may also require a copy of the test report, including a list of critical components, demonstrating conformity to the requirements applicable to the product, and a general description of the product; or
- (iii) a supplier's declaration of conformity based on a test report issued by:
 - (A) any testing laboratory in the other Party that has concluded voluntary arrangements for mutual acceptance of test reports with one or more conformity assessment bodies designated by the importing Party; or
 - (B) a CB Test Laboratory of the other Party under the IECEE CB Scheme, accompanied by a valid CB Test Certificate, in accordance with the rules and procedures of the IECEE CB Scheme and the commitments by the Parties thereunder.

The importing Party may require for review before the product is placed on its market the submission of the declaration of conformity which contains a copy of the test report, including a list of critical components, demonstrating conformity to the requirements applicable to the product, and a general description of the product.

⁶ The specific testing laboratories that are competent in the notifying Party in accordance with its legislation, that obtain accreditation (for example under ISO/IEC 17025) by the accreditation body or that are competent for post-market surveillance for conformity assessment in the notifying Party, will be considered competent for the task envisaged in this Annex.

The choice among the procedures in this subparagraph shall rest with each Party subject to the limitations set out in Appendix 2-B-2;

- (c) the Parties shall accept the supplier as solely responsible for issuing, changing or withdrawing the declaration of conformity. The Parties may require that the declaration of conformity is dated and identifies the supplier or the supplier's authorised representative in their territories, the person empowered by the manufacturer or his authorised representative to sign the declaration, the products covered by the declaration, and the applied technical regulations to which conformity is declared. When a supplier's declaration of conformity is for a batch of products, it shall cover each article of the batch. When testing is undertaken, the choice of the testing laboratory shall rest with the supplier; and
- (d) beyond what is set out in this Article, a Party shall not require any form of registration of products that may prevent or otherwise delay the placing on the market of products that comply with the Party's technical regulations. In so far as a Party reviews the supplier's declaration in line with subparagraph (b)(iii), the review shall be solely limited to verifying, on the basis of the documentation submitted, that the test has been done in accordance with the Party's relevant technical regulations and that the information contained in the documentation is complete. Any such review shall not cause undue delay for the placing of the products on the Party's market and the declaration shall be accepted, without exceptions, if the products comply with the Party's technical regulations and the documentation submitted is complete. In the event that a declaration is rejected, the Party shall communicate its decision to the supplier immediately, together with a detailed explanation of the grounds for the rejection and how these can be rectified by the supplier, as well as an explanation of possibilities to appeal the decision.

ARTICLE 4

Transitional Arrangements

1. Subject to Article 4.3 of this Annex, the Parties shall comply with Article 3(b) of this Annex upon the entry into force of this Agreement.
2. To the extent permitted by Article 4.3 of this Annex and in so far as Korea applies, upon the entry into force of this Agreement, mandatory certification to its technical regulations on EMC or safety of covered products, including third party testing, for a product falling under the scope of this Annex, Korea may require to accept such product on its market⁷:

⁷ The permission to place a product on the market in accordance with this Article shall include permission to affix any mandatory marks that are required for placing the product on the market.

a certificate to its technical regulations issued by a conformity assessment body that has been designated according to the procedures of Korea. Korea shall accept such certificates based on a test report issued by:

- (i) any testing laboratory in the United Kingdom that has concluded voluntary arrangements for mutual acceptance of test reports with one or more conformity assessment bodies designated by Korea; or
- (ii) a United Kingdom CB Test Laboratory under the IECEE CB Scheme, accompanied by a valid CB Test Certificate, in accordance with the rules and procedures of the IECEE CB Scheme and the commitments by the United Kingdom and Korea thereunder.

The choice between the procedures in this subparagraph shall rest with Korea.

3. For those products listed in Appendix 2-B-3, Korea may continue to require positive assurance of conformity with its technical regulations on safety of covered products on the basis of a certificate in accordance with Article 4.2 of this Annex. For each product listed in Appendix 2-B-3, it will be reviewed whether accepting positive assurance of the conformity of such products with its technical regulations on safety of covered products in accordance with Article 3(b) of this Annex would create risks for human health and safety. Such risk assessment will be conducted for such products on the market, on the basis of available scientific and technical information such as consumer reports on safety accidents and non conformity rate of product inspection. It will also be considered whether the products are used for their intended end-uses and with reasonable and usual care. If the results of risk assessment demonstrate that complying with Article 3(b) of this Annex for the products concerned would create risks for human health and safety, or if the post-market surveillance system set up cannot effectively address such risks, positive assurance of conformity as set out in Article 4.2 of this Annex can be maintained. Every three years, unless otherwise agreed by the Parties, following the entry into force of this Agreement, the Parties shall review in the Committee on Trade in Goods the risk assessment with the aim of further reducing products listed in Appendix 2-B-3. If agreed by the Parties, the review by the Committee on Trade in Goods may be carried out by correspondence facilitated by the TBT Coordinators.

ARTICLE 5

Consolidation and Gradual Reduction in Requirements

1. The Parties shall, for covered products, not maintain or impose any requirements that are more trade-restrictive, or otherwise have the effect of

delaying access to their markets, than what is set out in this Annex regarding conformity assessment procedures covering EMC or safety of covered products or administrative procedures for approving or reviewing test reports.

2. Three years after the entry into force of this Agreement, and every five years thereafter, the Parties shall review the possibility of gradually eliminating technical and administrative requirements including mandatory third party testing, through expanding the introduction of a supplier's declaration of conformity in accordance with Article 3(b)(i) of this Annex and developing effective market surveillance for the proper functioning of such system.

ARTICLE 6

Exceptions and Emergency Measures

1. Notwithstanding Articles 3 through 5 of this Annex, either Party may introduce requirements for mandatory third party testing or certification for EMC or safety of covered products, or introduce administrative procedures for approving or reviewing test reports, for particular products falling within the scope of this Annex under the following conditions:
 - (a) there exist urgent and compelling reasons related to the protection of human health and safety that justify the introduction of such requirements or procedures;
 - (b) the reasons for the introduction of any such requirements or procedures are supported by substantiated technical or scientific information regarding the performance of the products in question;
 - (c) any such requirements or procedures are not more trade-restrictive than necessary to fulfil the Party's legitimate objective, taking account of the risks that non-fulfilment would create; and
 - (d) the Party could not have reasonably foreseen the need for introducing any such requirements or procedures at the time of entry into force of this Agreement.

Before introducing the requirements or procedures, the Party shall notify the other Party and, following consultations, take the comments of the other Party into account, to the greatest extent possible, in devising any such requirements or procedures. Any requirements introduced shall, to the greatest extent possible, be in compliance with this Annex. Once adopted, any requirement or procedure introduced shall be reviewed every third year from the date of its adoption and repealed if the reasons for its introduction no longer exist.

2. If a Party has good cause to believe that a covered product creates risk for human health and safety, notably because it does not comply with requirements applicable to it, the Party may require withdrawal of that product from its market. Any such temporary emergency measures shall be notified to the other Party with an objective and reasoned explanation of why such actions have been taken, indicating whether the need for such measures is due to:
 - (a) failure to comply with applicable standards or technical regulations;
 - (b) incorrect application of standards or technical regulations; or
 - (c) shortcomings in the standards or technical regulations themselves.

ARTICLE 7

Implementation and Cooperation

1. The Parties shall closely cooperate to promote common understanding on regulatory issues, including those related to radio frequency equipment, and consider any request of the other Party regarding the implementation of this Annex.
2. The Parties shall cooperate to maintain and expand the voluntary arrangements for mutual acceptance of test reports between them.
3. Whenever Korea requires as a positive assurance of conformity the procedures set out in Article 3(b)(iii) and Article 4.2 of this Annex for a product falling within the scope of this Annex, it shall ensure that its certification bodies have Memoranda of Understanding (MOUs) with testing laboratories in the United Kingdom, or are National Certification Bodies under the IECEE CB Scheme, for that product unless its technical regulations for that product substantially differ from relevant IEC standards.
4. When amending existing technical regulations or developing any new technical regulation for EMC or safety of covered products, a Party shall notify the other Party in advance, provide, upon request, additional available information or written responses to the comments made by the other Party and, as appropriate, consider the other Party's views.
5. The Parties agree to consult promptly on any issue that may arise concerning the implementation of this Annex, and to cooperate for the further facilitation of trade in covered products, including, as appropriate, through the promotion of international standards.
6. The Parties shall protect any confidential business information obtained under the procedures referred to in this Annex.

APPENDIX 2-B-1

1. Annex 2-B shall cover those products listed in Article 1.2 of Annex 2-B which:

- (a) in the case of the United Kingdom's obligations, fall, at the date of signature of this Agreement, within the scope of *Directive 2006/95/EC* of the European Parliament and of the Council of 12 December 2006 on the harmonisation of the laws of Member States relating to electrical equipment designed for use within certain voltage limits (codified version), or *Directive 2004/108/EC* of the European Parliament and of the Council of 15 December 2004 on the approximation of the laws of the Member States relating to electromagnetic compatibility and repealing *Directive 89/336/EEC*, or of the provisions on safety or electromagnetic compatibility of *Directive 1999/5/EC* of the European Parliament and of the Council of 9 March 1999 on radio equipment and telecommunications terminal equipment and the mutual recognition of their conformity; and
- (b) in the case of Korea's obligations, fall, at the date of signature of this Agreement, within the scope of the *Radio Waves Act* (Act No.8867, Feb. 29, 2008), the *Framework Act on Telecommunications* (Act No.8974, Mar. 21, 2008) or the *Electrical Appliances Safety Control Act* (Act No.8852, Feb. 29, 2008).¹

2. The Parties understand that the products covered by the domestic laws listed in this Appendix, which include all the products to which Annex 2-B applies, are intended to cover the universe of electronics products. It is understood that in case a product is not covered by Annex 2-B for a Party but is covered for the other Party, or at the time of signature of this Agreement or subsequently² subject to mandatory third party certification by a Party but not by the other Party, the other Party can subject such product to a similar treatment as may be necessary for the protection of health and safety. Before such measures are implemented, the Party wishing to introduce them shall notify the other Party of its intentions and provide for a period of three months for consultations.

¹ Notwithstanding this subparagraph, Korea may, when necessary, subject electrical equipment operated with direct current to conformity assessment procedures under the *Electrical Appliances Safety Control Act* in accordance with this paragraph.

² For instance, pursuant to Article 6 of Annex 2-B or in case specific instruments are introduced pursuant to Article 1 (4) of Directive 2004/108/EC on electromagnetic compatibility.

APPENDIX 2-B-2

1. The United Kingdom shall accept, for all covered products, the procedure set out in Article 3(b)(i) of Annex 2-B as positive assurance of conformity with its own technical regulations.
2. Korea shall accept as positive assurance of conformity with its own technical regulations,
 - (a) for products falling within the scope of the *Radio Waves Act* or the *Framework Act on Telecommunications* at the date of signature of this Agreement:
 - (i) the procedures defined in Article 3(b)(i) or 3(b)(ii) of Annex 2-B, where the choice between the two procedures shall rest with Korea.
 - (b) for products falling within the scope of the *Electrical Appliances Safety Control Act* at the date of signature of this Agreement:
 - (i) the procedures defined in Article 3(b)(i), 3(b)(ii) or 3(b)(iii) of Annex 2-B, where the choice among the three procedures shall rest with Korea.
3. For products falling, at the date of signature of this Agreement, within the scope of more than one Act referred to in paragraph 2 of this Appendix, the supplier shall remain free to provide positive assurance of conformity with EMC in accordance with either of the procedures selected by Korea in accordance with subparagraph (a) or (b) of paragraph 2 of this Appendix. In case a product falls, in the future, within the scope of more than one Act referred to in paragraph 2 of this Appendix, whether EMC or safety of covered products is concerned, the same rule shall apply.

APPENDIX 2-B-3

No.	Products	HS code
1	Cables and cord sets	854442, 854449, 854459, 854460
2	Switches	853590, 853650
3	Interceptors for electrical appliances	853521, 853529, 853620, 853630, 853650
4	Magnetic switches	853650
5	Capacitors and noise filters	853210, 853221, 853222, 853223, 853224, 853225, 853229, 853230, 853540
6	Installation accessories and connection devices	853650, 853669
7	Fuses and fuse holders, thermal-links	853510, 853610, 853630
8	Power transformers and voltage regulators	850421, 850422, 850431, 850432, 850433, 850434, 850440
9	Vacuum cleaners, floor treatment machines, steam cleaners, surface-cleaning appliances	842430, 850811, 850819, 850860
10	Electric irons and press	851640, 845130
11	Dish washers and dish driers	842211, 842219, 842220, 845140, 842240
12	Heating appliances for kitchen	841989, 841990, 851410, 851650, 851660, 851672
13	Washing machines and spin extractors	842112, 845011, 845012, 845019, 845020
14	Appliances for hair care	851631, 851632
15	Warming plates and electric hot cupboards	851660, 851679, 851680

16	Motor-operated appliances for kitchen	821490, 843510, 846722, 850940, 850980
17	Electric appliances for heating liquids	841981, 841989, 851660, 851671, 851679, 851680
18	Electric blankets and mats, electric beds	630110

No.	Products	HS code
19	Cauterizing machines and foot warmers	392210, 630110, 851680
20	Storage water heaters and Instantaneous water heaters	851610, 851660, 851679, 851680
21	Electric refrigerators and ice makers	841490, 841581, 841582, 841810, 841821, 841829, 841830, 841840, 841850, 841869, 841899
22	Microwave ovens (using the frequencies of 300 MHz - 30 GHz range)	851650
23	Sewing machines for household	845210, 845229
24	Battery chargers	850440
25	Electric driers	845121, 851629, 851679, 845129, 851632, 851633
26	Heaters	851610, 851621, 851629, 851679, 851680, 940210
27	Massage appliances	901910
28	Air-conditioners and dehumidifiers	841510, 841581, 841582, 841583
29	Pumps and electric waterspouts	841350, 841360, 841370, 841381, 841810, 961610

30	Heating tools	841989, 841990, 842240, 842290, 851511, 851519, 851521, 851580
31	Electric sauna appliances	851629, 851679
32	Aquarium heaters, air bubble generators, fishbowls for display	841350, 841360, 841370, 841381, 841480, 842139, 851629, 851660
33	Electric air bubble generators	841480, 842139
34	Insect killing or repelling devices	851660, 851679, 851680
35	Electric baths	392210, 392290, 691010, 691090

No.	Products	HS code
36	Air-cleaning appliances	841410, 841430, 841451, 841459, 841480
37	Dispensing appliances and vending machines (equipped with heating element or cooling device or discharge lamp or accommodation)	847621, 847629, 847681, 847689
38	Electric fans, range hoods	630319, 841410, 841459, 841451, 841460, 841480, 841490, 841510, 854089
39	Electric appliances for toilets and electro-motive inhalers	392290, 850819
40	Humidifiers	851580
41	Spray extraction appliances	961610
42	Electric disinfectants (only equipped with sterilizer lamp)	841989
43	Food waste process machine	850980
44	Wet towel wrapping devices	820890, 842240
45	Motor-operated electric tools	820750, 843311, 843320, 843319, 846711, 846722, 846719, 846721,

		846781, 846789, 850980
46	Copying machines	844331
47	DC power supplies (with the rated capacity of at most 1kVA, including those used in combination with AC power)	850440
48	Un-interruptible power supply	850440
49	Laminators	847989
50	Lamp holders	853661, 853669
51	Luminaires (general purpose luminaires)	940510, 940520, 940540, 940560, 940591, 940592, 940599
52	Ballaster (lamps, control gears)	850410, 853661, 853669
53	Self ballasted lamps	853990

APPENDIX 2-B-4

For the purposes of Annex 2-B, the following definitions¹ shall apply:

safety of electrical equipment means that equipment, having been constructed in accordance with good engineering practice in safety matters, does not endanger the safety of persons, domestic animals or property when properly installed, maintained and used in applications for which it was made;

electromagnetic compatibility means the ability of an equipment or system to function satisfactorily in its electromagnetic environment without introducing intolerable electromagnetic disturbances to anything in that environment;

declaration of conformity means the issuance of a statement, based on a decision following review, that fulfilment of specified requirements has been demonstrated;

standard means a document approved by a recognised body, that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method;

technical regulation means a document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method;

supplier means a manufacturer, or his or her authorised representative in the territory of the importing Party. Where neither is present in the territory of the importing Party, the responsibility for the presentation of the supplier's declaration shall rest with the importer;

conformity assessment means a procedure demonstrating that specified requirements relating to a product, process, system, person or body are fulfilled. Conformity assessment can be performed as a first-party, second-party or third-party activity and covers activities such as testing, inspection and certification; and

¹ Based on ISO/IEC 17000:2004 and the TBT Agreement.

testing laboratory means a conformity assessment body that performs testing services and has received attestation conveying formal demonstration of its competence to carry out these specific tasks.

ANNEX 2-C

MOTOR VEHICLES AND PARTS¹

ARTICLE 1

General Provisions

1. Recognising the importance of motor vehicles and parts for growth, employment and trade for each Party, the Parties confirm their shared objectives and principles, for these products, of:

- (a) ensuring full reciprocal market access by elimination of tariffs and non-tariff obstacles to bilateral trade pursuant to this Agreement;
- (b) promoting compatibility of regulations based on international standards;
- (c) establishing competitive market conditions based on principles of openness, non-discrimination and transparency;
- (d) securing the protection of human health, safety and environment; and
- (e) enhancing cooperation to foster continued mutually beneficial development in trade.

2. This Annex shall apply to all forms of motor vehicles, systems and parts thereof falling under Chapters 40, 84, 85, 87 and 94 of the HS, except those products set out in Appendix 2-C-1.

ARTICLE 2

Regulatory Convergence

1. The Parties recognise that the World Forum for Harmonisation of Vehicle Regulations (hereinafter referred to as the "WP.29"), within the framework of the United Nations Economic Commission for Europe (hereinafter referred to as the "UN ECE"), is the relevant international standard-setting body for the products covered by this Annex.

2. The Parties agree to participate actively in the development of regulations in WP.29 and shall cooperate for the adoption, without undue delay, of new regulations by WP.29.

¹ The effect of any changes to Annex 2-C of the Korea-EU FTA introduced before the Korea-EU FTA ceases to apply to the United Kingdom shall apply, mutatis mutandis, to this Annex. This is without prejudice to Article 1.3 of this Agreement.

ARTICLE 3

Market Access

Each Party shall allow on its market the products originating in the other Party, in accordance with this Article:

- (a) (i) the competent approval authorities in the United Kingdom shall accept for the purpose of United Kingdom type-approval any product that complies with the requirements listed in Table 1 of Appendix 2-C-2 as complying with the corresponding provisions of the applicable United Kingdom technical regulations²;
- (ii) Korea shall accept any product that complies with the requirements listed in Table 1 of Appendix 2-C-3 as complying with the corresponding provisions of the applicable Korean technical regulations²;
- (iii) The Parties shall harmonise the regulations listed in Table 2 of Appendix 2-C-2, in case of the United Kingdom, and in Table 2 of Appendix 2-C-3, in case of Korea, with the corresponding UN ECE Regulations or Global Technical Regulations (hereinafter referred to as the "GTR") on entry into force of this Agreement, unless exceptionally a Party demonstrates that a specific UN ECE Regulation or GTR would be ineffective or inappropriate for the fulfilment of legitimate objectives pursued on the basis of substantiated scientific or technical information^{2, 3}; and
- (iv) If there arises any trade issue with regard to the technical regulations not covered by subparagraph (a)(i) or (a)(ii) or, with regard to the technical regulations covered by subparagraph (a)(iii) while there is no harmonisation, upon request of either Party, the Parties shall enter into consultations to seek a mutually satisfactory solution. In these consultations the Party intending to impose a measure materially affecting market access conditions shall provide the other Party with the basis of its intended decision,

² The classification of the products, for the purpose of applying Article 3(a)(i) through 3(a)(iii) and determining the applicable regulations, shall be that under the legislation of the importing Party.

³ The Parties understand that the regulations covered by subparagraph (a)(iii) and (a)(iv) existing at the time of signature of this Agreement have not caused serious market access problems and under the provisions of these subparagraphs they will not result in worsening of the market access conditions as compared with the situation prevailing at that time.

including a detailed explanation in terms of the relevant scientific or technical information³.

- (b) The Parties shall ensure that their respective procedures are accomplished without undue delay for the marketing of the products covered by this Annex.
- (c) Each Party shall promptly communicate to the concerned economic operators any decision taken on applications regarding conformity assessment, as well as the basis for any such decision and information on available legal remedies.
- (d) The Parties shall review Appendices 2-C-2 and 2-C-3 of this Annex no less than every three years from the entry into force of this Agreement with a view to furthering the acceptance of products as set out in subparagraph (a) of this Article, taking into account any regulatory developments that may have occurred internationally or in the Parties. Any modifications to these Appendices shall be decided upon by the Trade Committee.

ARTICLE 4

Consolidation of Regulatory Convergence

1. The Parties shall:

- (a) at any time refrain from introducing any new domestic technical regulations diverging from UN ECE Regulations or GTR in areas covered by such regulations, or where the completion of such regulations is imminent, in particular in the areas covered by Appendix 2 C-2, in the case of the United Kingdom, and Appendix 2-C-3, in the case of Korea; and
- (b) as soon as practicable after any new UN ECE Regulations or GTR is adopted by UN ECE in areas covered by existing domestic technical regulations, provide treatment for products originating in the other Party complying with UN ECE Regulations or GTR in accordance with Article 3 of this Annex, *mutatis mutandis*,

unless there are substantiated reasons based on scientific or technical information why a specific UN ECE Regulation or GTR is ineffective or inappropriate for ensuring road safety or the protection of the

³ The Parties understand that the regulations covered by subparagraph (a)(iii) and (a)(iv) existing at the time of signature of this Agreement have not caused serious market access problems and under the provisions of these subparagraphs they will not result in worsening of the market access conditions as compared with the situation prevailing at that time.

environment or public health. In these cases, any such reasons shall be notified to the other Party and made public.

2. In so far as a Party introduces or maintains technical regulations that differ from existing UN ECE Regulations in areas covered by these UN ECE Regulations, that Party shall review these technical regulations no less than every three years from the entry into force of this Agreement in order to assess whether the reasons for the imposition of the relevant technical regulations remain valid. The outcome from these reviews, as well as the technical or scientific information underpinning the outcome of these reviews, shall be made public and notified to the other Party upon request.

3. In areas where there are no UN ECE Regulations or GTR and at least one Party introduces or maintains a technical regulation, the Parties shall consult on the possibility for developing international standards covering such areas. If the development of such international standards is not possible or is inappropriate, and if the Parties introduce or maintain domestic technical regulations in such areas, the Parties undertake to consult on the possibility for approximation of their respective regulations.

ARTICLE 5

MFN Treatment

With respect to internal taxes and emission regulations on products covered by this Annex, each Party shall accord to the products originating in the other Party no less favourable treatment than that accorded to the like products originating in any third country not party to this Agreement, including as provided in any free trade agreement with such third country.

ARTICLE 6

Products with New Technologies or New Features

1. Neither Party shall prevent or unduly delay the placing on its market of a product on the ground that it incorporates a new technology or a new feature which has not yet been regulated unless it can demonstrate, based on scientific or technical information, that this new technology or new feature creates a risk for human health, safety or the environment.

2. When a Party decides to refuse the placing on the market or require the withdrawal from the market of a product on the ground that it incorporates a new technology or a new feature creating a risk for human health, safety or the environment, it shall immediately notify this decision to the other Party and to the economic operators concerned. The notification shall include all relevant scientific or technical information.

ARTICLE 7

Other Measures Restricting Trade

Each Party shall refrain from nullifying or impairing the market access benefits accruing to the other Party under this Annex through other regulatory measures specific to the sector covered by this Annex. This is without prejudice to the right to adopt measures necessary for road safety, the protection of the environment or public health and the prevention of deceptive practices provided such measures are based on substantiated scientific or technical information.

ARTICLE 8

Application of Regulations

1. When a Party accepts compliance or harmonisation with UN ECE requirements in conformity with Article 3 of this Annex, UN ECE type-approval certificates issued by competent authorities shall be considered as providing a presumption of conformity. If a Party finds that a certain product covered by a type-approval certificate does not conform to the approved type, it shall inform the other Party. This paragraph is without prejudice to the Parties' right to take appropriate measures, as set out in paragraphs 2 and 3.

2. The competent administrative authorities of each Party may verify by random sampling in accordance with its domestic legislation that the products, including those self-certified by manufacturers, comply as appropriate with:

- (a) all the technical regulations of that Party; or
- (b) the domestic technical regulations and the other requirements, as set out in Article 3(a) of this Annex.

Each Party may require the supplier to withdraw a product from its market in case the product concerned does not comply with those regulations or requirements as the case may be.

3. Type-approval can be refused if the documentation is incomplete, the relevant procedures for verifying conformity of production are not complied with, or the products concerned do not comply as appropriate with:

- (a) all the technical regulations of a Party; or
- (b) a Party's technical regulations and the other requirements, as set out in Article 3(a) of this Annex.

4. Notwithstanding compliance with the technical regulations or the requirements referred to in Article 3(a) of this Annex, a Party may, in exceptional

circumstances, refuse to a supplier the placing of a product on its market or require a supplier to withdraw that product from its market if there are urgent and compelling risks for road safety, public health or the environment based on substantiated scientific or technical information. Such a refusal shall not constitute a means of arbitrary or unjustifiable discrimination against the products of the other Party or a disguised restriction on trade. Before it is implemented, any such temporary emergency measure shall be notified to the other Party and to the supplier with an objective, reasoned and sufficiently detailed explanation of the motivation for the measure.

ARTICLE 9

Working Group on Motor Vehicles and Parts

1. In order to further facilitate trade in motor vehicles and parts and to address market access problems before they arise, the Parties agree to cooperate and to consult promptly on any matters concerning the application of this Annex. They agree to inform each other of any measure that may affect trade in products falling under the scope of this Annex, in accordance with Chapter Four (Technical Barriers to Trade). Upon request, each Party shall in a timely manner respond in writing to comments and questions regarding any problems arising with respect to any such measure, and be ready to enter into consultations on such measure with a view to seeking a mutually satisfactory outcome.

2. The Working Group on Motor Vehicles and Parts established pursuant to Article 15.3.1 (Working Groups) shall be responsible for the effective implementation of, and may consider any matter relating to, this Annex. In particular, the Working Group shall be responsible for:

- (a) preparing the Parties' cooperation with respect to the works of WP.29, in line with Article 2 of this Annex;
- (b) supervising the full implementation of the commitments set out in Article 3 of this Annex, including:
 - (i) discussing the harmonisation set out in Article 3(a)(iii);
 - (ii) providing a forum for the consultations envisaged in Article 3(a)(iv); and
 - (iii) preparing decisions of the Trade Committee set out in Article 3(d);
- (c) discussing the reviews described in Article 4.2 of this Annex and holding the consultations set out in Article 4.3 of this Annex;

- (d) discussing, as appropriate, the notifications envisaged in Articles 6 and 8 of this Annex; and
- (e) considering the application of technical regulations to motor vehicles imported under different channels and making recommendations where appropriate.

3. The Working Group shall meet at least once a year, unless agreed otherwise. Its meetings shall normally be held in conjunction with meetings of WP.29 or any other forum addressing automotive issues. The Working Group may also carry out its works by e-mail, teleconference or videoconference or any other appropriate means of communications.

ARTICLE 10

Compliance

1. Chapter Fourteen (Dispute Settlement) shall apply to this Annex subject to the following modifications:

- (a) Dispute concerning the interpretation or application of this Annex shall be considered a matter of urgency;
- (b) The period foreseen for consultations under Article 14.3 (Consultations) shall be reduced from 30 days to 15 days;
- (c) The period foreseen for the issuance of the interim panel report under Article 14.6 (Interim Panel Report) shall be reduced from 90 days to 60 days;
- (d) The period foreseen for the issuance of the arbitration panel ruling under Article 14.7 (Arbitration Panel Ruling) shall be reduced from 120 days to 75 days; and
- (e) The following sentence shall be deemed to be added to Article 14.9 (The Reasonable Period of Time for Compliance): "The Party complained against shall comply with the arbitration panel ruling without delay. If immediate compliance is not possible, the reasonable period of time should normally not exceed 90 days and in no case it shall exceed 150 days from the issuance of the arbitration panel ruling in cases where the adoption of a measure of general application that does not require legislative action is necessary for the Party complained against in order to bring itself into compliance."

2. The Parties may agree not to apply specific provisions of this Article.

APPENDIX 2-C-1

Annex 2-C shall not cover:

- (a) Tractors (in HS 8701.10, 8701.20, 8709.11, 8709.19 and 8709.90);
- (b) Snow mobiles and Golf carts (in HS 8703.10); and
- (c) Construction machinery: (HS: 84134000, 84251100, 84251920, 84251980, 84253100, 84253930, 84253990, 84254100, 84254200, 84254900, 84261100, 84261200, 84261900, 84262000, 84263000, 84264100, 84264900, 84269110, 84269190, 84269900, 84272010, 84272090, 84281020, 84281080, 84282030, 84282091, 84282098, 84283100, 84283200, 84283300, 84283920, 84283990, 84284000, 84286000, 84289030, 84289071, 84289079, 84289091, 84289095, 84291100, 84291900, 84292000, 84293000, 84294010, 84294030, 84294090, 84295110, 84295191, 84295199, 84295210, 84295290, 84295900, 84301000, 84302000, 84303100, 84303900, 84304100, 84304900, 84305000, 84306100, 84306900, 84311000, 84313100, 84313910, 84313970, 84314100, 84314200, 84314300, 84314920, 84314980, 84741000, 84742010, 84742090, 84743100, 84743200, 84743910, 84743990, 84748010, 84748090, 84749010, 84749090, 84791000, 87013010, 87013090, 87041010, 87041090, 87051000, 87052000, 87054000 and 87059030).

APPENDIX 2-C-2

Table 1

List referred to in Article 3(a)(i) of Annex 2-C

Subject	Requirements	Corresponding United Kingdom Technical Regulation
Permissible sound level	UNECE Reg. 51	Directive 70/157/EEC
Replacement silencing systems	UNECE Reg. 59	Directive 70/157/EEC
Emissions	UNECE Reg. 83	Directive 70/220/EEC
Replacement catalytic converters	UNECE Reg. 103	Directive 70/220/EEC
Fuel tanks	UNECE Reg. 34	Directive 70/221/EEC
LPG tanks	UNECE Reg. 67	Directive 70/221/EEC
CNG tanks	UNECE Reg. 110	Directive 70/221/EEC
Rear protective device	UNECE Reg. 58	Directive 70/221/EEC
Steering effort	UNECE Reg. 79	Directive 70/311/EEC
Door latches and hinges	UNECE Reg. 11	Directive 70/387/EEC
Audible warning	UNECE Reg. 28	Directive 70/388/EEC
Indirect vision devices	UNECE Reg. 46	Directive 2003/97/EC
Braking	UNECE Reg. 13	Directive 71/320/EEC
Braking	UNECE Reg. 13H	Directive 71/320/EEC
Brake linings	UNECE Reg. 90	Directive 71/320/EEC
Radio interference (electromagnetic compatibility)	UNECE Reg. 10	Directive 72/245/EEC
Diesel smoke	UNECE Reg. 24	Directive 72/306/EEC
Interior fittings	UNECE Reg. 21	Directive 74/60/EEC
Anti-theft	UNECE Reg. 18	Directive 74/61/EEC
Anti-theft and immobiliser	UNECE Reg. 116	Directive 74/61/EEC
Vehicle Alarm Systems	UNECE Reg. 97 UNECE Reg. 116	Directive 74/61/EEC
Behaviour of steering device under impact	UNECE Reg. 12	Directive 74/297/EEC
Seat strength	UNECE Reg. 17	Directive 74/408/EEC
Seat strength (buses and coaches)	UNECE Reg. 80	Directive 74/408/EEC
Exterior projections	UNECE Reg. 26	Directive 74/483/EEC
Speedometer	UNECE Reg. 39	Directive 75/443/EEC
Seat belt anchorages	UNECE Reg. 14	Directive 76/115/EEC
Installation of lighting and light signalling devices	UNECE Reg. 48	Directive 76/756/EEC
Retro reflectors	UNECE Reg. 3	Directive 76/757/EEC
End-outline/front-position (side)/rear-position (side)/stop lamps	UNECE Reg. 7	Directive 76/758/EEC
Daytime running lamps	UNECE Reg. 87	Directive 76/758/EEC

Subject	Requirements	Corresponding United Kingdom Technical Regulation
Side marker lamps	UNECE Reg. 91	Directive 76/758/EEC
Direction indicators	UNECE Reg. 6	Directive 76/759/EEC
Rear registration plate lamp	UNECE Reg. 4	Directive 76/760/EEC
Headlamps (R ₂ and HS ₁)	UNECE Reg. 1	Directive 76/761/EEC
Headlamps (sealed beam)	UNECE Reg. 5	Directive 76/761/EEC
Headlamps (H ₁ , H ₂ , H ₃ , HB ₃ , HB ₄ , H ₇ , and/or H ₈ , H ₉ , HIR1, HIR2 and/or H ₁₁)	UNECE Reg. 8	Directive 76/761/EEC
Headlamps (H ₄)	UNECE Reg. 20	Directive 76/761/EEC
Headlamps (halogen sealed beam)	UNECE Reg. 31	Directive 76/761/EEC
Filament lamps for use in approved lamp units	UNECE Reg. 37	Directive 76/761/EEC
Headlamps with gas-discharge light sources	UNECE Reg. 98	Directive 76/761/EEC
Gas-discharge light sources for use in approved gas-discharge lamp units	UNECE Reg. 99	Directive 76/761/EEC
Headlamps (asymmetrical passing beam)	UNECE Reg. 112	Directive 76/761/EEC
Adaptative front-lighting systems	UNECE Reg. 123	Directive 76/761/EEC
Front fog lamps	UNECE Reg. 19	Directive 76/762/EEC
Rear fog lamps	UNECE Reg. 38	Directive 77/538/EEC
Reversing lamps	UNECE Reg. 23	Directive 77/539/EEC
Parking lamps	UNECE Reg. 77	Directive 77/540/EEC
Seat belts and restraint systems	UNECE Reg. 16	Directive 77/541/EEC
Child restraints	UNECE Reg. 44	Directive 77/541/EEC
Front forward field of vision	UNECE Reg. 125	Directive 77/649/EEC
Identification of controls, tell-tales and indicators	UNECE Reg. 121	Directive 78/316/EEC
Heating systems	UNECE Reg. 122	Directive 2001/56/EC
Head restraints (combined with seats)	UNECE Reg. 17	Directive 78/932/EEC
Head restraints	UNECE Reg. 25	Directive 78/932/EEC
CO ₂ emissions – Fuel consumption	UNECE Reg. 101	Directive 80/1268/EEC
Engine power	UNECE Reg. 85	Directive 80/1269/EEC
Emissions (Euro IV and V) heavy duty vehicles	UNECE Reg. 49	Directive 2005/55/EC
Lateral protection	UNECE Reg. 73	Directive 89/297/EEC
Safety glazing	UNECE Reg. 43	Directive 92/22/EEC
Tyres, motor vehicles and their trailers	UNECE Reg. 30	Directive 92/23/EEC
Tyres, commercial vehicles and their trailers	UNECE Reg. 54	Directive 92/23/EEC
Temporary-use spare wheels/tyres	UNECE Reg. 64	Directive 92/23/EEC
Rolling sound	UNECE Reg. 117	Directive 92/23/EEC
Speed limitation devices	UNECE Reg. 89	Directive 92/24/EEC
Couplings	UNECE Reg. 55	Directive 94/20/EC
Close-coupling device	UNECE Reg. 102	Directive 94/20/EC

Subject	Requirements	Corresponding United Kingdom Technical Regulation
Flammability	UNECE Reg. 118	Directive 95/28/EC
Buses and coaches	UNECE Reg. 107	Directive 2001/85/EC
Strength of superstructure (buses and coaches)	UNECE Reg. 66	Directive 2001/85/EC
Frontal impact	UNECE Reg. 94	Directive 96/79/EC
Side impact	UNECE Reg. 95	Directive 96/27/EC
Vehicles intended for the transport of dangerous goods	UNECE Reg. 105	Directive 98/91/EC
Front underrun protection	UNECE Reg. 93	Directive 2000/40/EC

Table 2

List referred to in Article 3(a)(iii) of Annex 2-C

Subject	United Kingdom Technical Regulations	Corresponding UNECE Regulations
External projections of cabs	Directive 92/114/EEC	61

APPENDIX 2-C-3

Table 1

List referred to in Article 3(a)(ii) of Annex 2-C

Subject		Requirements	Corresponding Korean Technical Regulations
Occupant crash protection	Frontal	UNECE Reg. 94	KMVSS ¹ Article 102
	Side	UNECE Reg. 95	KMVSS Article 102
Steering control displacement	rearward	UNECE Reg. 12	KMVSS Article 89 paragraph 1 Item 2
Impact protection for the driver from the steering control system		UNECE Reg. 12	KMVSS Article 89 paragraph 1 Item 1
Seating systems		UNECE Reg. 17	KMVSS Article 97
Head restraints		UNECE Reg. 17, UNECE Reg. 25, GTR 7	KMVSS Articles 26, 99
Door locks and door retention components		UNECE Reg. 11, GTR 1	KMVSS Article 104 Paragraph 2
Instrument panel impact		UNECE Reg. 21	KMVSS Article 88
Seat back impact		UNECE Reg. 21	KMVSS Article 98
Armrest impact		UNECE Reg. 21	KMVSS Article 100
Sun visor impact		UNECE Reg. 21	KMVSS Article 101
Inside rear view mirror impact		UNECE Reg. 46	KMVSS Article 108
Towing hook		77/389/EEC	KMVSS Article 20 Items 1, 2, 4
Rear under-run protection		UNECE Reg. 58	KMVSS Article 19 Paragraph 4 and Article 96

¹ Korea Motor Vehicle Safety Standards.

Subject		Requirements	Corresponding Korean Technical Regulations
Lighting and signalling system	Installation	UNECE Reg. 48	KMVSS Articles 38, 39, 40, 41, 42, 43, 44, 45 and 47
	Head lamp	UNECE Reg. 1, 2, 5, 8, 20, 31, 37, UNECE Reg. 98, 99, 112, 113, 123	KMVSS Article 38, Article 48 Paragraph 3, Article 106 Item 1
	Front fog lamp	UNECE Reg. 19	KMVSS Article 38-2 Paragraph 1, Article 106 Item 2
	Backup lamp	UNECE Reg. 23	KMVSS Article 39, Article 106 Item 3
	Clearance lamp	UNECE Reg. 7	KMVSS Article 40, Article 106 Item 4
	Registration plate lamp	UNECE Reg. 4	KMVSS Article 41, Article 106 Item 5
	Tail lamp	UNECE Reg. 7	KMVSS Article 42, Article 106 Item 6
	Stop lamp	UNECE Reg. 7	KMVSS Article 43 Paragraph 1, Article 106 Item 7
	Centre high mounted stop lamp	UNECE Reg. 7	KMVSS Article 43 Paragraphs 2, 3, Article 106 Item 8
	Turn signal	UNECE Reg. 6	KMVSS Article 44, Article 106 Item 9
	Auxiliary turn signal	UNECE Reg. 7	KMVSS Article 44, Article 106 Item 10
	Rear fog lamp	UNECE Reg. 38	KMVSS Article 38-2 Paragraph 2, Article 106 Item 2
Retro-reflection devices	UNECE Reg. 70, UNECE Reg. 3	KMVSS Article 49 paragraphs 1, 2, Article 107	

Subject		Requirements	Corresponding Korean Technical Regulations
Driver's visibility		UNECE Reg. 46	KMVSS Article 50 Article 94
Engine power		UNECE Reg. 85	KMVSS Article 11 Paragraph 1 Item 2, Article 111
Device for securing driver's visibility	Windshield wiping system	78/318/ EEC	KMVSS Article 51 Paragraph 2, Article 109 Item 1
	Defrosting system	78/317/ EEC	KMVSS Article 109 Item 2
	Defogging system	78/317/ EEC	KMVSS Article 109 Item 3
	Windshield washing system	78/318/ EEC	KMVSS Article 109 Item 4
Passenger car brake		UNECE Reg. 13H	KMVSS Article 15, Article 90 Item 1
Brake system except passenger car and trailer		UNECE Reg. 13	KMVSS Article 15, Article 90 Item 2
Trailer brake system		UNECE Reg. 13	KMVSS Article 15, Article 90 Item 3
Anti-lock brake system, except trailer		UNECE Reg. 13	KMVSS Article 15, Article 90 Item 4
Trailer anti-lock brake system		UNECE Reg. 13	KMVSS Article 15, Article 90 Item 5
Steering effort		UNECE Reg. 79	KMVSS Article 14, Article 89 paragraph 2
Speed limiter		UNECE Reg. 89	KMVSS Article 110-2
Speedometer		UNECE Reg. 39	KMVSS Article 110
Electro-magnetic compatibility		UNECE Reg. 10	KMVSS Article 111-2
Fuel leakage in collision		UNECE Reg. 34, UNECE Reg. 94, UNECE Reg. 95	KMVSS Article 91

Subject		Requirements	Corresponding Korean Technical Regulations
Bumper impact		UNECE Reg. 42	KMVSS Article 93
Seat belt assembly anchorages		UNECE Reg. 14, UNECE Reg. 16	KMVSS Article 27 Paragraphs 1, 2, 3, 4, 5; Article 103 Paragraphs 1, 2, 3
Child seat anchorage		UNECE Reg. 14	KMVSS Article 27-2, Article 103-2
Horn noise, stationary noise and silencer for vehicles (4 wheels)		UNECE Reg. 28 UNECE Reg. 51	KMVSS Articles 35, 53, NVCA Article 30 and its Ordinance of MOE Article 29
Emission and noise (except the passenger noise of 3 or 4 wheels) for motor cycles		UNECE Reg. 40, UNECE Reg. 41, UNECE Reg. 47 Directives 2002/51/EC, 2003/77/EC, 97/24/EC Chapters 5 and 9	CACA Article 46 and its Ordinance of MOE Article 62, NVCA Article 30 and its Ordinance of MOE Article 29
Emission Diesel (incl. OBD)	Below 3.5t vehicle	UNECE Reg. 83, UNECE Reg. 24 Regulation (EC) 692/2008	CACA Article 46 and its Ordinance of MOE Article 62
	Over 3.5t vehicle	UNECE Reg. 49 Regulation (EC) 692/2008	
Tyres		UNECE Reg. 30, 54, 75, 106, 117, 108, 109	Quality management Safety and Control of Industrial Products Act (QMSCIPA) (Articles. 19, 20, 21); Enforcement Rules of QMSCIPA Article 2 paragraph 2, Article 19.

On-Board Diagnostic Systems for Gasoline-Powered Vehicles

Gasoline-powered vehicles complying with Euro 6 OBD shall be considered as complying with Korea LEV and ULEV OBD.

Table 2

List referred to in Article 3(a)(iii) of Annex 2-C

Subject	Korean Technical Regulations	Corresponding UNECE Regulations
Maximum Stable Inclination Angle	KMVSS Art. 8	107
Minimum Turning Radius	KMVSS Art. 9	107
Running Gear	KMVSS Art. 12	30, 54
Controls and Displays	KMVSS Art. 13	121
Frame and Body	KMVSS Art. 19	58, 73
Coupling Device	KMVSS Art. 20 Items 3, 5	55
Theft Protection	KMVSS Art. 22	18

Subject	Korean Technical Regulations	Corresponding UNECE Regulations
Riding Accommodation	KMVSS Art. 23	107
Driver's Seat	KMVSS Art. 24	107
Passenger Seat	KMVSS Art. 25	107
Seat Belt	KMVSS Art. 27	16
Standing Space	KMVSS Art. 28	107
Entrance	KMVSS Art. 29	107
Emergency Exit	KMVSS Art. 30	107
Aisle	KMVSS Art. 31	107
Safety Glazing	KMVSS Art. 34	43, GTR 6
Hazard Warning Signal Lamp	KMVSS Art. 45	48
Speedometer & Odometer	KMVSS Art. 54	39
Fire Extinguisher	KMVSS Art. 57	36
Running Gear	KMVSS Art. 64	75
Service Brake System	KMVSS Art. 67	78, GTR 3
Headlamp	KMVSS Art. 75	53, 56, 57, 72, 74, 76, 82
Registration Plate Lamp	KMVSS Art. 76	50, 53
Tail Lamp	KMVSS Art. 77	50, 53
Stop Lamp	KMVSS Art. 78	50, 53
Turn Signal Lamp	KMVSS Art. 79	50, 53
Rear Reflex Reflector	KMVSS Art. 80	3, 53
Rear view Mirror	KMVSS Art. 84	81
Speedometer	KMVSS Art. 85	39

ANNEX 2-D

PHARMACEUTICAL PRODUCTS AND MEDICAL DEVICES

ARTICLE 1

General Provisions

Recognising that while there are differences between each Party's health care system, the Parties share a commitment to promoting the development of and facilitating access to high-quality patented and generic pharmaceutical products and medical devices, as a means of continuing to improve the health of their populations. In pursuing these objectives, the Parties confirm their shared principles with respect to the importance of:

- (a) adequate access to pharmaceutical products and medical devices while providing high-quality health care;
- (b) sound economic incentives and competitive markets for the efficient development of and access to pharmaceutical products and medical devices;
- (c) appropriate government support of academic and commercial research and development, intellectual property protection and other incentives for innovation in the research and development of pharmaceutical products and medical devices;
- (d) promotion of innovation of, and timely and affordable access to, safe and effective pharmaceutical products and medical devices through transparent and accountable procedures, without impeding a Party's ability to apply high standards of safety, efficacy and quality;
- (e) ethical practices by manufacturers and suppliers of pharmaceutical products and medical devices and by health care providers on a global basis in order to achieve open, transparent, accountable and non-discriminatory health care decision-making; and
- (f) cooperation between the Parties in regulatory affairs and in the development of international practices in international organisations such as the World Health Organisation (hereinafter referred to as the "WHO"), the Organisation for Economic Co-operation Development (hereinafter referred to as the "OECD"), the International Council for Harmonization (hereinafter referred to as the "ICH") for pharmaceutical products and the International Medical Device Regulators Forum (hereinafter referred to as the "IMDRF") for medical devices, with a view to improving the safety, efficacy and quality of pharmaceutical products and medical devices.

ARTICLE 2

Access to Innovation

To the extent that health care authorities in a Party operate or maintain procedures for listing pharmaceutical products or medical devices, for indications entitled to reimbursement, or for setting the amount of reimbursement or any measures related to pricing¹ for pharmaceutical products or medical devices under health care programmes they operate, that Party shall:

- (a) ensure that the procedures, rules, criteria and implementing guidelines that apply to the listing of pharmaceutical products or medical devices, indications for reimbursement, setting the amount of reimbursement, or any measures related to listing, pricing and/or reimbursement for pharmaceutical products or medical devices are fair, transparent, reasonable and non discriminatory²; and
- (b) ensure that the health authorities' determination of pricing and reimbursement for a pharmaceutical product or medical device, once approved by the appropriate regulatory authority as safe, efficacious and of good quality, and if based on public bodies' or quasi public bodies' involvement, shall:
 - (i) appropriately recognise the value of the patented pharmaceutical product or medical device in the amount of pricing and reimbursement it provides;
 - (ii) permit a manufacturer of the pharmaceutical product or medical device to apply, based on scientific evidence of safety, efficacy, quality and benefits, for an increased amount of pricing and reimbursement over those provided for comparator products, if any, used to determine the amount of reimbursement;
 - (iii) permit a manufacturer of the pharmaceutical product or medical device, after a decision on the pricing/reimbursement is made, to apply for an increased amount of reimbursement for the product based on scientific evidence the manufacturer provides on the product's safety, efficacy, quality and benefits;

¹ References to pricing in this Annex are only relevant if applicable under the legislation of either Party.

² The Parties understand that under this subparagraph, which does not establish any obligation to reimburse products at any given price or prejudice the specific outcome of price negotiations, the criteria (which may take forms such as guidelines, public notices or "matters to be considered", etc.) on which the decisions on reimbursement and pricing will be based are expected to be objective and clear so as to allow understanding of the basis of such decisions.

- (iv) permit a manufacturer of the pharmaceutical product or medical device to apply for the amount of pricing and reimbursement and price adjustment for additional medical indications for the product, based on scientific evidence the manufacturer provides on the product's safety, efficacy, quality and benefits; and
- (v) in case a Party adjusts *ex officio* the amount of pricing/reimbursement of the pharmaceutical products or medical devices for external causes in specific circumstances, including drastic changes in economic indicators, permit a manufacturer of the pharmaceutical product or medical device to submit opinions regarding the adjustment before the adjustment is adopted.

ARTICLE 3

Transparency

1. Each Party shall ensure that its laws, regulations, procedures, administrative rulings and implementing guidelines of general application (hereinafter referred to as the "rules"), regarding any matter related to the pricing, reimbursement or regulation of pharmaceutical products or medical devices are promptly published or otherwise made available at an early appropriate stage, in such a manner as to enable interested persons and the other Party to become acquainted with them.
2. To the extent possible, each Party shall:
 - (a) publish in advance in relevant publicly accessible sites any such rules that it proposes to adopt or to significantly amend, including an explanation of the purpose of such rules;
 - (b) provide reasonable opportunities for interested persons and the other Party to comment on any such proposed rules allowing, in particular, a reasonable period of time for consultation; and
 - (c) address in writing significant and substantive issues raised in comments received from interested persons and the other Party during the comment period and explain any substantive revisions made with respect to such proposed rules, no later than the time the Party adopts them.
3. To the extent possible, each Party should allow a reasonable interval between the publication of any such rules on any matter related to the pricing, reimbursement or regulation of pharmaceutical products or medical devices and their effective date.

4. To the extent that each Party's health care authorities operate or maintain procedures for listing pharmaceutical products or medical devices, for indications entitled to reimbursement, or for setting the amount of reimbursement for pharmaceutical products or medical devices, including any measures related to the revision of pricing and reimbursement under health care programmes, the Party shall:

- (a) ensure that decisions on all formal requests and applications for the pricing or approval of pharmaceutical products or medical devices for reimbursement are adopted and communicated within a reasonable and specified period from the date of their receipt. If the information submitted by the applicant is deemed inadequate or insufficient and the procedure is suspended as a result, the Party's competent authorities shall notify the applicant of what detailed additional information is required and resume the original decision-making process upon receipt of this additional information;
- (b) disclose to applicants within a reasonable and specified period of time, all procedures, methodologies, principles, criteria, including those used, if any, to determine comparator products, and guidelines used to determine pricing and reimbursement for pharmaceutical products or medical devices;
- (c) afford applicants timely and meaningful opportunities to provide comments at relevant points in the pricing and reimbursement decision-making processes for pharmaceutical products or medical devices;
- (d) provide, within a reasonable and specified period of time, applicants with meaningful and detailed written information regarding the basis for recommendations or determinations of the pricing and reimbursement of pharmaceutical products or medical devices, including citations to any expert opinions or academic studies relied upon in making such recommendations or determinations. Specifically, in case of a negative decision on listing, prices and/or reimbursement, or should the decision-making body decide not to permit in whole or in part the price increase requested, the decision-making body shall provide a statement of reasons that is sufficiently detailed to understand the basis of the decision, including the criteria applied and, if appropriate, any expert opinions or recommendations on which the decision is based;
- (e) make available judicial, quasi-judicial or administrative tribunals, or independent review process³ that may be invoked at the request of an applicant directly affected by a recommendation or determination and at the point of communication of decision on price and reimbursement

³ In addition to what is set out in this subparagraph, applicants must be able to avail themselves of remedies ensuring effective legal protection. They must be able to appeal decisions before genuine judicial bodies.

inform the applicant of his or her rights under the laws of the Party and the procedures and time-lines for seeking such remedies;

- (f) make all reimbursement decision-making bodies open to stakeholders, including innovative and generic companies;
- (g) make publicly available a list of central bodies relevant to the pricing or reimbursement of pharmaceutical products or medical devices; and
- (h) provide access to each Party's national pricing and reimbursement arrangements including a positive list of products covered by the respective public health insurance schemes to be published on an annual basis for stakeholders with legitimate commercial interests. The negative list, if any, shall be published every six months.

5. Each Party shall ensure that all measures of general application respecting any matter related to the pricing, reimbursement or regulation of pharmaceutical products or medical devices are administered in a consistent, objective and impartial manner.

ARTICLE 4

Ethical Business Practices

1. Each Party shall adopt or maintain appropriate measures to prohibit improper inducements by manufacturers and suppliers of pharmaceutical products or medical devices to health care professionals or institutions for the listing, purchasing or prescribing of pharmaceutical products and medical devices eligible for reimbursement under health care programmes.

2. Each Party shall adopt or maintain appropriate penalties and procedures to enforce the measures that it adopts or maintains in conformity with paragraph 1.

3. Each Party shall bring to the other Party's attention any improper inducements conducted by its manufacturers of pharmaceutical products or medical devices. The Parties recall their obligations under the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* which entered into force on 15 February 1999.

ARTICLE 5

Regulatory Cooperation

1. The Parties will take into account, as appropriate, international provisions, practices and guidelines for pharmaceutical products or medical devices, including those developed by the WHO, the OECD, the ICH, the IMDRF and the

Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S). The Parties recognise that their full participation in those relevant international bodies will facilitate regulatory cooperation between them.

2. The Parties will consider the requests by either Party to accept conformity assessments⁴ of that Party when performed in accordance with the Good Laboratory Practices and Good Manufacturing Practices of pharmaceutical products and medical devices and when both Parties' corresponding practices are in accordance with international practices.

3. For the Working Group on Pharmaceutical Products and Medical Devices established pursuant to Article 15.3.1 (Working Groups), the Parties shall provide for adequate participation of officials of agencies or departments responsible for health care or other matters and regulations covered by this Annex.

4. The Working Group shall:

- (a) monitor and support the implementation of this Annex;
- (b) promote discussion and mutual understanding of issues related to this Annex; and
- (c) promote cooperation between the Parties to achieve the objectives set out in this Annex.

5. The Working Group shall meet at least once a year, unless agreed otherwise. The Working Group may also carry out its work by e-mail, teleconference or videoconference or any other appropriate means of communications.

ARTICLE 6

Definitions

1. For the purposes of this Annex:

pharmaceutical products means any substance or combination of substances which may be administered to human beings with a view to making a medical diagnosis, to treating or preventing diseases or to restoring, correcting or modifying physiological functions or structures. Pharmaceutical products include, for example, chemical drugs, biologics/biologicals (vaccines, (anti)toxins, blood, blood components, blood-derived products), herbal drugs, radiopharmaceuticals, recombinant products, gene therapy products, cell therapy products and tissue engineered products;

⁴ For the purposes of pharmaceutical products, conformity assessment means marketing authorisation of products, and the supervision/enforcement of manufacturers' or importers' compliance with technical standards/practices.

medical device means any instrument, apparatus, appliance, material or other article, whether used alone or in combination, intended by the manufacturer to be used for human beings for medical purposes such as diagnosis, prevention, monitoring, treatment or alleviation of diseases⁵. Medical device includes software incorporated into the device by its manufacturer and necessary for the proper functioning of the device;

a Party's **health care authorities** means entities that are part of or have been established by a Party to operate or administer its health care programmes, unless otherwise specified;

health care programmes operated by a Party means health care programmes in which the health care authorities of a Party make decisions regarding matters to which this Annex applies;

manufacturer refers to the legal right holder of the product in the respective Party's territory;

a negative list is defined as a compilation of pharmaceutical products and medical devices that have been excluded from being prescribed and/or reimbursed under a Party's public health care programme(s); and

a positive list is defined as an exhaustive compilation of pharmaceutical products and medical devices that can be prescribed and/or reimbursed under a Party's public health care programme(s).

2. The definitions for pharmaceutical products and medical devices stated in paragraph 1 are without prejudice to each Party's right to classify products as either pharmaceutical products or medical devices in its legislation.

⁵ For greater clarity, medical device does not achieve its principal intended action in or on the human body by pharmacological, immunological or metabolic means, but may be assisted in its function by such means.

ANNEX 2-E

CHEMICALS

1. Recalling the obligations of the Parties under the WTO Agreement, in particular the TBT Agreement, and recognising the importance of sustainable development and trade for each Party, the Parties confirm their shared objectives and principles of:

- (a) establishing competitive market conditions based on principles of openness, non-discrimination and transparency;
- (b) enhancing cooperation to foster continued mutually beneficial development in trade;
- (c) ensuring a high level of protection of public health and the environment;
- (d) promoting alternative methods for assessment of hazards of substances and reducing animal testing;
- (e) implementing appropriate regulatory mechanisms and protecting confidential information;
- (f) contributing to the fulfilment of the Strategic Approach to International Chemicals Management; and
- (g) developing and promoting best practices on chemicals assessment and management internationally.

2. Based on the objectives and principles in paragraph 1 and with a view to facilitating and promoting trade, the Parties recognise the importance of:

- (a) ensuring transparency regarding the content of their laws, regulations and other measures of general application in the area of chemicals;
- (b) providing transparency and due process when regulating and operating their chemical management regimes;
- (c) applying, whenever possible, best practices with respect to the adoption and implementation of legislation, risk assessments and registration, authorisation, notification and treatment of confidential business information; and
- (d) cooperating in the area of Good Laboratory Practices and Test Guidelines, in order to seek a more harmonised approach to chemical assessment and management for the purpose of seeking international harmonisation of approaches thereto.

3. The Parties agree to discuss in good faith any problems arising from the application of a Party's regulations on chemicals that have a substantial effect on trade of the other Party.

4. With a view to promoting cooperation in the areas covered by this Annex and providing a forum for the discussions envisaged in paragraph 3, a Working Group on Chemicals is established pursuant to Article 15.3.1 (Working Groups). It shall meet at least once every two years, unless agreed otherwise or the problems referred to in paragraph 3 arise.

CHAPTER THREE

TRADE REMEDIES

SECTION A

BILATERAL SAFEGUARD MEASURES

ARTICLE 3.1

Application of a Bilateral Safeguard Measure

1. If, as a result of the reduction or elimination of a customs duty under this Agreement, originating goods of a Party are being imported into the territory of the other Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to a domestic industry producing like or directly competitive goods, the importing Party may adopt measures provided for in paragraph 2 in accordance with the conditions and procedures laid down in this Section.

2. The importing Party may take a bilateral safeguard measure which:

- (a) suspends further reduction of the rate of customs duty on the good concerned provided for under this Agreement; or
- (b) increases the rate of customs duty on the good to a level which does not exceed the lesser of:
 - (i) the MFN applied rate of customs duty on the good in effect at the time the measure is taken; or
 - (ii) the base rate of customs duty specified in the Schedules included in Annex 2-A (Elimination of Customs Duties) pursuant to Article 2.5.2 (Elimination of Customs Duties).

ARTICLE 3.2

Conditions and Limitations

1. A Party shall notify the other Party in writing of the initiation of an investigation described in paragraph 2 and consult with the other Party as far in advance of applying a bilateral safeguard measure as practicable, with a view to reviewing the information arising from the investigation and exchanging views on the measure.

2. A Party shall apply a bilateral safeguard measure only following an investigation by its competent authorities in accordance with Articles 3 and 4.2(c) of the *Agreement on Safeguards* contained in Annex 1A to the WTO Agreement (hereinafter referred to as the "Agreement on Safeguards") and to this end, Articles 3 and 4.2(c) of the *Agreement on Safeguards* are incorporated into and made part of this Agreement, *mutatis mutandis*.

3. In the investigation described in paragraph 2, the Party shall comply with the requirements of Article 4.2(a) of the Agreement on Safeguards and to this end, Article 4.2(a) of the Agreement on Safeguards is incorporated into and made part of this Agreement, *mutatis mutandis*.

4. Each Party shall ensure that its competent authorities complete any such investigation within one year of its date of initiation.

5. Neither Party may apply a bilateral safeguard measure:

- (a) except to the extent, and for such time, as may be necessary to prevent or remedy serious injury and to facilitate adjustment;
- (b) for a period exceeding two years, except that the period may be extended by up to two years if the competent authorities of the importing Party determine, in conformity with the procedures specified in this Article, that the measure continues to be necessary to prevent or remedy serious injury and to facilitate adjustment and that there is evidence that the industry is adjusting, provided that the total period of application of a safeguard measure, including the period of initial application and any extension thereof, shall not exceed four years; or
- (c) beyond the expiration of the transition period, except with the consent of the other Party.

6. When a Party terminates a bilateral safeguard measure, the rate of customs duty shall be the rate that, according to its Schedule included in Annex 2-A (Elimination of Customs Duties), would have been in effect but for the measure.

ARTICLE 3.3

Provisional Measures

In critical circumstances where delay would cause damage that would be difficult to repair, a Party may apply a bilateral safeguard measure on a provisional basis pursuant to a preliminary determination that there is clear evidence that imports of an originating good from the other Party have increased as the result of the reduction or elimination of a customs duty under this Agreement, and such imports cause serious injury, or threat thereof, to the domestic industry. The duration of any

provisional measure shall not exceed 200 days, during which time the Party shall comply with the requirements of Articles 3.2.2 and 3.2.3. The Party shall promptly refund any tariff increases if the investigation described in Article 3.2.2 does not result in a finding that the requirements of Article 3.1 are met. The duration of any provisional measure shall be counted as part of the period prescribed by Article 3.2.5(b).

ARTICLE 3.4

Compensation

1. A Party applying a bilateral safeguard measure shall consult with the other Party in order to mutually agree on appropriate trade liberalising compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the safeguard measure. The Party shall provide an opportunity for such consultations no later than 30 days after the application of the bilateral safeguard measure.

2. If the consultations under paragraph 1 do not result in an agreement on trade liberalising compensation within 30 days after the consultations begin, the Party whose goods are subject to the safeguard measure may suspend the application of substantially equivalent concessions to the Party applying the safeguard measure.

3. The right of suspension referred to in paragraph 2 shall not be exercised for the first 24 months during which a bilateral safeguard measure is in effect, provided that the safeguard measure conforms to the provisions of this Agreement.

ARTICLE 3.5

Definitions

For the purposes of this Section:

serious injury and **threat of serious injury** shall be understood in accordance with Article 4.1(a) and (b) of the Agreement on Safeguards. To this end, Article 4.1(a) and (b) is incorporated into and made part of this Agreement, *mutatis mutandis*; and

transition period means a period for a good from the date of entry into force of this Agreement until 10 years from the date of completion of tariff reduction or elimination as set out in Annex 2-A as the case may be for each good.

SECTION B

AGRICULTURAL SAFEGUARD MEASURES

ARTICLE 3.6

Agricultural Safeguard Measures

1. A Party may apply a measure in the form of a higher import duty on an originating agricultural good listed in its Schedule included in Annex 3, consistent with paragraphs 2 through 8, if the aggregate volume of imports of that good in any year exceeds a trigger level as set out in its Schedule included in Annex 3.
2. The duty under paragraph 1 shall not exceed the lesser of the prevailing MFN applied rate, or the MFN applied rate of duty in effect on the day immediately preceding 1 July 2011, or the tariff rate set out in the Party's Schedule included in Annex 3.
3. The duties each Party applies under paragraph 1 shall be set according to its Schedules included in Annex 3.
4. Neither Party may apply or maintain an agricultural safeguard measure under this Article and at the same time apply or maintain with respect to the same good:
 - (a) a bilateral safeguard measure in accordance with Article 3.1;
 - (b) a measure under Article XIX of GATT 1994 and the Agreement on Safeguards; or
 - (c) a special safeguard measure under Article 5 of the Agreement on Agriculture.
5. A Party shall implement any agricultural safeguard measure in a transparent manner. Within 60 days after imposing an agricultural safeguard measure, the Party applying the measure shall notify the other Party in writing and provide the other Party with relevant data concerning the measure. On the written request of the exporting Party, the Parties shall consult regarding the application of the measure.
6. The implementation and operation of this Article may be the subject of discussion and review in the Committee on Trade in Goods referred to in Article 2.16 (Committee on Trade in Goods).
7. Neither Party may apply or maintain an agricultural safeguard measure on an originating agricultural good:
 - (a) if the period specified in the agricultural safeguard provisions of its Schedule included in Annex 3 has expired; or

- (b) if the measure increases the in-quota duty on a good subject to a TRQ set out in Appendix 2 A 1 of its Schedule included in Annex 2-A (Elimination of Customs Duties).

8. Any supplies of the goods in question which were en route on the basis of a contract made before the additional duty is imposed under paragraphs 1 through 4 shall be exempted from any such additional duty, provided that they may be counted in the volume of imports of the goods in question during the following year for the purpose of triggering paragraph 1 in that year.

SECTION C

GLOBAL SAFEGUARD MEASURES

ARTICLE 3.7

Global Safeguard Measures

1. Each Party retains its rights and obligations under Article XIX of GATT 1994 and the Agreement on Safeguards. Unless otherwise provided in this Article, this Agreement does not confer any additional rights or impose any additional obligations on the Parties with regard to measures taken under Article XIX of GATT 1994 and the Agreement on Safeguards.
2. At the request of the other Party, and provided it has a substantial interest, the Party intending to take safeguard measures shall provide immediately ad hoc written notification of all pertinent information on the initiation of a safeguard investigation, the provisional findings and the final findings of the investigation.
3. For the purposes of this Article, it is considered that a Party has a substantial interest when it is among the five largest suppliers of the imported goods during the most recent three-year period of time, measured in terms of either absolute volume or value.
4. Neither Party may apply, with respect to the same good, at the same time:
 - (a) a bilateral safeguard measure in accordance with Article 3.1; and
 - (b) a measure under Article XIX of GATT 1994 and the Agreement on Safeguards.
5. Neither Party may have recourse to Chapter Fourteen (Dispute Settlement) for any matter arising under this Section.

SECTION D

ANTI-DUMPING AND COUNTERVAILING DUTIES

ARTICLE 3.8

General Provisions

1. Except as otherwise provided for in this Chapter, the Parties maintain their rights and obligations under Article VI of GATT 1994, the *Agreement on Implementation of Article VI of GATT 1994*, contained in Annex 1A to the WTO Agreement (hereinafter referred to as the "Anti Dumping Agreement") and the *Agreement on Subsidies and Countervailing Measures*, contained in Annex 1A to the WTO Agreement (hereinafter referred to as the "SCM Agreement").

2. The Parties agree that anti-dumping and countervailing duties should be used in full compliance with the relevant WTO requirements and should be based on a fair and transparent system as regards proceedings affecting goods originating in the other Party. For this purpose the Parties shall ensure, immediately after any imposition of provisional measures and in any case before the final determination, full and meaningful disclosure of all essential facts and considerations which form the basis for the decision to apply measures, without prejudice to Article 6.5 of the Anti-Dumping Agreement and Article 12.4 of the SCM Agreement. Disclosures shall be made in writing, and allow interested parties sufficient time to make their comments.

3. In order to ensure the maximum efficiency in handling anti-dumping or countervailing duty investigations, and in particular considering the adequate right of defence, the use of English shall be accepted by the Parties for documents filed in anti-dumping or countervailing duty investigations. Nothing in this paragraph shall prevent Korea from requesting a clarification written in Korean if:

- (a) the meaning of the documents filed is not deemed reasonably clear by Korea's investigating authorities for the purposes of the anti-dumping or countervailing duty investigation; and
- (b) the request is strictly limited to the part which is not reasonably clear for the purposes of the anti-dumping or countervailing duty investigation.

4. Provided that it does not unnecessarily delay the conduct of the investigation, interested parties shall be granted the opportunity to be heard in order to express their views during the anti dumping or countervailing duty investigations.

ARTICLE 3.9

Notification

1. After receipt by a Party's competent authorities of a properly documented anti-dumping application with respect to imports from the other Party, and no later than 15 days before initiating an investigation, the Party shall provide written notification to the other Party of its receipt of the application.
2. After receipt by a Party's competent authorities of a properly documented countervailing duty application with respect to imports from the other Party, and before initiating an investigation, the Party shall provide written notification to the other Party of its receipt of the application and afford the other Party a meeting to consult with its competent authorities regarding the application.

ARTICLE 3.10

Consideration of Public Interests

The Parties shall endeavor to consider the public interests before imposing an anti-dumping or countervailing duty.

ARTICLE 3.11

Investigation after Termination Resulting from a Review

The Parties agree to examine, with special care, any application for initiation of an anti-dumping investigation on a good originating in the other Party and on which anti-dumping measures have been terminated in the previous 12 months as a result of a review. Unless this pre-initiation examination indicates that the circumstances have changed, the investigation shall not proceed.

ARTICLE 3.12

Cumulative Assessment

When imports from more than one country are simultaneously subject to anti-dumping or countervailing duty investigation, a Party shall examine, with special care, whether the cumulative assessment of the effect of the imports of the other Party is appropriate in light of the conditions of competition between the imported goods and the conditions of competition between the imported goods and the like domestic goods.

ARTICLE 3.13

De-minimis Standard Applicable to Review

1. Any measure subject to a review pursuant to Article 11 of the Anti-Dumping Agreement shall be terminated where it is determined that the likely recurring dumping margin is less than the *de minimis* threshold set out in Article 5.8 of the Anti-Dumping Agreement.
2. When determining individual margins pursuant to Article 9.5 of the Anti-Dumping Agreement, no duty shall be imposed on exporters or producers in the exporting Party for which it is determined, on the basis of representative export sales, that the dumping margin is less than the *de minimis* threshold set out in Article 5.8 of the Anti-Dumping Agreement.

ARTICLE 3.14

Lesser Duty Rule

Should a Party decide to impose an anti-dumping or countervailing duty, the amount of such duty shall not exceed the margin of dumping or countervailable subsidies, and it should be less than the margin if such lesser duty would be adequate to remove the injury to the domestic industry.

ARTICLE 3.15

Dispute Settlement

Neither Party may have recourse to Chapter Fourteen (Dispute Settlement) for any matter arising under this Section.

SECTION E

INSTITUTIONAL PROVISIONS

ARTICLE 3.16

Working Group on Trade Remedy Cooperation

1. The Working Group on Trade Remedy Cooperation established pursuant to Article 15.3.1 (Working Groups) is a forum for dialogue for trade remedy cooperation.
2. The functions of the Working Group shall be to:

- (a) enhance a Party's knowledge and understanding of the other Party's trade remedy laws, policies and practices;
- (b) oversee the implementation of this Chapter;
- (c) improve cooperation between the Parties' authorities having responsibility for matters on trade remedies;
- (d) provide a forum for the Parties to exchange information on issues relating to anti-dumping, subsidies and countervailing measures and safeguards;
- (e) provide a forum for the Parties to discuss other relevant topics of mutual interest including:
 - (i) international issues relating to trade remedies, including issues relating to the WTO Doha Round Rules negotiations; and
 - (ii) practices by the Parties' competent authorities in anti-dumping, and countervailing duty investigations such as the application of "facts available" and verification procedures; and
- (f) cooperate on any other matters that the Parties agree as necessary.

3. The Working Group shall normally meet annually and, if necessary, additional meetings could be organised at the request of either Party.

ANNEX 3

AGRICULTURAL SAFEGUARD MEASURES

Schedule of Korea

Subject Goods, Trigger Levels and Maximum Safeguard Duties

1. This Annex sets out those originating goods that may be subject to agricultural safeguard measures under Article 3.6, the trigger levels for applying such measures, and the maximum safeguard duty that may be applied each year for each such good.

2. No agricultural safeguard measure may be applied or maintained after the date the safeguard duties set out below are zero.

(a) For **beef** as covered below:

Coverage: Fresh, chilled, and frozen beef muscle meats - HSK provisions 0201.10.0000, 0201.20.0000, 0201.30.0000, 0202.10.0000, 0202.20.0000 and 0202.30.0000

Year	9	10	11	12	13	14
Trigger Level (MT)	467	476	486	496	506	516
Safeguard Duty (%)	30.0	30.0	30.0	24.0	24.0	24.0

Year	15	16	17
Trigger Level (MT)	526	537	N/A
Safeguard Duty (%)	24.0	24.0	0

(b) For **pork** as covered below:

Coverage: HSK provisions 0203.19.1000 and 0203.19.9000

Year	9	10	11	12
Trigger Level (MT)	3	3	3	N/A
Safeguard Duty (%)	13.5	12.4	11.3	0

(c) For **apple** as covered below:

Coverage: HSK provision 0808.10.0000

Year	9	10	11	12	13	14
Trigger Level (MT)	48	49	50	51	52	53
Safeguard Duty (%)	33.8	33.8	33.8	27	27	27

Year	15	16	17	18	19	20
Trigger Level (MT)	54	55	56	57	58	59

Safeguard Duty (%)	27	27	22.5	22.5	22.5	22.5
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Year	21	22	23	24	25
Trigger Level (MT)	61	62	63	64	N/A
Safeguard Duty (%)	22.5	22.5	22.5	22.5	0

The trigger level concerns the total quantity of all varieties of imported apples.

In year 12 and each year thereafter through year 24, the safeguard duty may only be applied to Fuji apples.

(d) For **malt and malting barley** as covered below:

Coverage: HSK provisions 1003.00.1000 and 1107.10.0000

Year	9	10	11	12	13	14
Trigger Level (MT)	1,746	1,780	1,816	1,852	1,889	1,927
Safeguard Duty (%)						
1003.00.1000	338.0	315.0	291.0	268.0	244.0	221.0
1107.10.0000	199.0	190.0	181.0	139.0	127.0	115.0

Year	15	16	17
Trigger Level (MT)	1,966	2,005	N/A
Safeguard Duty (%)			
1003.00.1000	197.0	174.0	0
1107.10.0000	103.0	91.5	0

For quantities entered at or below the trigger level, see paragraph 5 of Appendix 2-A-1.

(e) For **potato starch** as covered below:

Coverage: HSK provision 1108.13.0000

Year	9	10	11	12	13	14
Trigger Level (MT)	43	44	45	46	47	48
Safeguard Duty (%)	336.0	321.0	306.0	235.0	215.0	195.0

Year	15	16	17
Trigger Level (MT)	49	50	N/A
Safeguard Duty (%)	175.0	155.0	0

(f) For **ginseng** as covered below:

Coverage: HSK provisions 1211.20.2210, 1211.20.2220, 1211.20.2290, 1302.19.1210, 1302.19.1220 and 1302.19.1290

Year	9	10	11	12	13	14
Trigger Level (MT)	20	21	21	21	22	22
Safeguard Duty (%)	754.3	754.3	754.3	754.3	754.3	754.3

Year	15	16	17	18	19	20
Trigger Level (MT)	23	23	24	24	25	N/A
Safeguard Duty (%)	754.3	754.3	566.0	566.0	566.0	0

(g) For **sugar** as covered below:

Coverage: HSK provision 1701.99.0000

Year	9	10	11	12	13	14
Trigger Level (MT)	4	4	4	4	4	5
Safeguard Duty (%)	50.0	50.0	50.0	50.0	50.0	50.0

Year	15	16	17	18	19	20
Trigger Level (MT)	5	5	5	5	5	5
Safeguard Duty (%)	50.0	50.0	37.5	37.5	37.5	37.5

Year	21	22
Trigger Level (MT)	5	N/A
Safeguard Duty (%)	37.5	0

(h) For **alcohol** as covered below:

Coverage: HSK provision 2207.10.9010

Year	9	10	11	12	13	14
Trigger Level (MT)	6	7	7	7	7	7
Safeguard Duty (%)	199.0	191.0	182.0	139.0	127.0	116.0

Year	15	16	17
Trigger Level (MT)	7	7	N/A
Safeguard Duty (%)	104.0	91.8	0

(i) For **dextrins** as covered below:

Coverage: HSK provisions 3505.10.4010, 3505.10.4090, 3505.10.5010 and 3505.10.5090

Year	9	10	11	12	13	14
Trigger Level (MT)	435	444	452	461	471	N/A
Safeguard Duty (%)	260.0	244.0	228.0	152.0	131.0	0

3. For the purposes of this Annex:

- (a) year nine means the 12-month period beginning on 1 July 2019;
- (b) year 10 means the 12-month period beginning on 1 July 2020;
- (c) year 11 means the 12-month period beginning on 1 July 2021;
- (d) year 12 means the 12-month period beginning on 1 July 2022;
- (e) year 13 means the 12-month period beginning on 1 July 2023;
- (f) year 14 means the 12-month period beginning on 1 July 2024;
- (g) year 15 means the 12-month period beginning on 1 July 2025;
- (h) year 16 means the 12-month period beginning on 1 July 2026;
- (i) year 17 means the 12-month period beginning on 1 July 2027;
- (j) year 18 means the 12-month period beginning on 1 July 2028;
- (k) year 19 means the 12-month period beginning on 1 July 2029;
- (l) year 20 means the 12-month period beginning on 1 July 2030;
- (m) year 21 means the 12-month period beginning on 1 July 2031;
- (n) year 22 means the 12-month period beginning on 1 July 2032;
- (o) year 23 means the 12-month period beginning on 1 July 2033;
- (p) year 24 means the 12-month period beginning on 1 July 2034; and
- (q) year 25 means the 12-month period beginning on 1 July 2035.

CHAPTER FOUR
TECHNICAL BARRIERS TO TRADE

ARTICLE 4.1

Affirmation of the TBT Agreement

The Parties affirm their existing rights and obligations with respect to each other under the *Agreement on Technical Barriers to Trade*, contained in Annex 1A to the WTO Agreement (hereinafter referred to as the "TBT Agreement") which is incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 4.2

Scope and Definitions

1. This Chapter applies to the preparation, adoption and application of standards, technical regulations and conformity assessment procedures as defined in the TBT Agreement that may affect trade in goods between the Parties.
2. Notwithstanding paragraph 1, this Chapter does not apply to:
 - (a) technical specifications prepared by governmental bodies for production or consumption requirements of such bodies; or
 - (b) sanitary and phytosanitary measures as defined in Annex A of the *Agreement on the Application of Sanitary and Phytosanitary Measures*, contained in Annex 1A to the WTO Agreement (hereinafter referred to as the "SPS Agreement").
3. For the purposes of this Chapter, the definitions of Annex 1 to the TBT Agreement shall apply.

ARTICLE 4.3

Joint Cooperation

1. The Parties shall strengthen their cooperation in the field of standards, technical regulations and conformity assessment procedures with a view to increasing the mutual understanding of their respective systems and facilitating access to their respective markets. To this end, they may establish regulatory dialogues at both the horizontal and sectoral levels.

2. In their bilateral cooperation, the Parties shall seek to identify, develop and promote trade facilitating initiatives which may include, but are not limited to:

- (a) reinforcing regulatory cooperation through, for example, the exchange of information, experiences and data and scientific and technical cooperation with a view to improving the quality and level of their technical regulations and making efficient use of regulatory resources;
- (b) where appropriate, simplifying technical regulations, standards and conformity assessment procedures;
- (c) where the Parties agree, and where appropriate, for example where no international standard exists, avoiding unnecessary divergence in approach to regulations and conformity assessment procedures, and working towards the possibility of converging or aligning technical requirements; and
- (d) promoting and encouraging bilateral cooperation between their respective organisations, public or private, responsible for metrology, standardisation, testing, certification and accreditation.

3. On request, a Party shall give due consideration to proposals that the other Party makes for cooperation under the terms of this Chapter.

ARTICLE 4.4

Technical Regulations

1. The Parties agree to make best use of good regulatory practice, as provided for in the TBT Agreement. In particular, the Parties agree:

- (a) to fulfil the transparency obligations of the Parties as indicated in the TBT Agreement;
- (b) to use relevant international standards as a basis for technical regulations including conformity assessment procedures, except when such international standards would be an ineffective or inappropriate means for the fulfilment of the legitimate objectives pursued, and where international standards have not been used as a basis, to explain on request to the other Party the reasons why such standards have been judged inappropriate or ineffective for the aim pursued;
- (c) when a Party has adopted or is proposing to adopt a technical regulation, to provide the other Party on request with available

information regarding the objective, legal basis and rationale for the technical regulation;

- (d) to establish mechanisms for providing improved information on technical regulations (including through a public website) to the other Party's economic operators, and in particular to provide written information, and as appropriate and available, written guidance on compliance with their technical regulations to the other Party or its economic operators upon request without undue delay;
- (e) to take appropriate consideration of the other Party's views where a part of the process of developing a technical regulation is open to public consultation, and on request to provide written responses to the comments made by the other Party;
- (f) when making notifications in accordance with the TBT Agreement, to allow at least 60 days following the notification for the other Party to provide comments in writing on the proposal; and
- (g) to leave sufficient time between the publication of technical regulations and their entry into force for economic operators of the other Party to adapt, except where urgent problems of safety, health, environmental protection or national security arise or threaten to arise, and where practicable to give appropriate consideration to reasonable requests for extending the comment period.

2. Each Party shall ensure that economic operators and other interested persons of the other Party are allowed to participate in any formal public consultative process concerning development of technical regulations, on terms no less favourable than those accorded to its own legal or natural persons.

3. Each Party shall endeavour to apply technical regulations uniformly and consistently throughout its territory.

ARTICLE 4.5

Standards

1. The Parties reconfirm their obligations under Article 4.1 of the TBT Agreement to ensure that their standardising bodies accept and comply with the Code of Good Practice for the Preparation and Adoption of Standards in Annex 3 to the TBT Agreement, and also have regard to the principles set out in *Decisions and Recommendations adopted by the Committee* since 1 January 1995, G/TBT/1/rev.8, 23 May 2002, Section IX (*Decision of the Committee on Principles for the Development of International Standards, Guides and Recommendations with relation to Articles 2, 5 and Annex 3 of the Agreement*), issued by the WTO Committee on Technical Barriers to Trade.

2. The Parties undertake to exchange information on:
 - (a) their use of standards in connection with technical regulations;
 - (b) each other's standardisation processes, and the extent of use of international standards as a base for their national and regional standards; and
 - (c) cooperation agreements implemented by either Party on standardisation, for example information on standardisation issues in free trade agreements with third parties.

ARTICLE 4.6

Conformity Assessment and Accreditation

1. The Parties recognise that a broad range of mechanisms exist to facilitate the acceptance of the results of conformity assessment procedures conducted in the territory of the other Party, including:
 - (a) agreements on mutual acceptance of the results of conformity assessment procedures with respect to specific technical regulations conducted by bodies located in the territory of the other Party;
 - (b) accreditation procedures for qualifying conformity assessment bodies located in the territory of the other Party;
 - (c) governmental designation of conformity assessment bodies located in the territory of the other Party;
 - (d) recognition by a Party of the results of conformity assessment procedures conducted in the territory of the other Party;
 - (e) voluntary arrangements between conformity assessment bodies in the territory of each Party; and
 - (f) the importing Party's acceptance of a supplier's declaration of conformity.
2. Having regard in particular to those considerations, the Parties undertake:
 - (a) to intensify their exchange of information on these and similar mechanisms with a view to facilitating the acceptance of conformity assessment results;

- (b) to exchange information on conformity assessment procedures, and in particular on the criteria used to select appropriate conformity assessment procedures for specific products;
 - (c) to exchange information on accreditation policy, and to consider how to make best use of international standards for accreditation, and international agreements involving the Parties' accreditation bodies, for example, through the mechanisms of the International Laboratory Accreditation Cooperation and the International Accreditation Forum; and
 - (d) in line with Article 5.1.2 of the TBT Agreement, to require conformity assessment procedures that are not more strict than necessary.
3. Principles and procedures established in respect of development and adoption of technical regulations under Article 4.4 with a view to avoiding unnecessary obstacles to trade and ensuring transparency and non-discrimination shall also apply in respect of mandatory conformity assessment procedures.

ARTICLE 4.7

Market Surveillance

The Parties undertake to exchange views on market surveillance and enforcement activities.

ARTICLE 4.8

Conformity Assessment Fees

The Parties reaffirm their obligation under Article 5.2.5 of the TBT Agreement, that fees for mandatory conformity assessment of imported products shall be equitable in relation to the fees charged for conformity assessment of like products of national origin or originating in other countries, taking into account communication, transportation and other costs arising from differences between location of facilities of the applicant and the conformity assessment body, and undertake to apply this principle in the areas covered by this Chapter.

ARTICLE 4.9

Marking and Labelling

1. The Parties note the provision of paragraph 1 of Annex 1 of the TBT Agreement, that a technical regulation may include or deal exclusively with marking or labelling requirements, and agree that where their technical regulations contain mandatory marking or labelling, they will observe the principles of Article 2.2 of the

TBT Agreement, that technical regulations should not be prepared with a view to, or with the effect of, creating unnecessary obstacles to international trade, and should not be more trade restrictive than necessary to fulfil a legitimate objective.

2. In particular, the Parties agree that where a Party requires mandatory marking or labelling of products:

- (a) the Party shall endeavour to minimise its requirements for marking or labelling other than marking or labelling relevant to consumers or users of the product. Where labelling for other purposes, for example, for fiscal purposes is required, such a requirement shall be formulated in a manner that is not more trade restrictive than necessary to fulfil a legitimate objective;
- (b) the Party may specify the form of labels or markings, but shall not require any prior approval, registration or certification in this regard. This provision is without prejudice to the right of the Party to require prior approval of the specific information to be provided on the label or marking in the light of the relevant domestic regulation;
- (c) where the Party requires the use of a unique identification number by economic operators, the Party shall issue such number to the economic operators of the other Party without undue delay and on a non-discriminatory basis;
- (d) the Party shall remain free to require that the information on the marks or labels be in a specified language. Where there is an international system of nomenclature accepted by the Parties, this may also be used. The simultaneous use of other languages shall not be prohibited, provided that, either the information provided in the other languages shall be identical to that provided in the specified language, or that the information provided in the additional language shall not constitute a deceptive statement regarding the product; and
- (e) the Party shall, in cases where it considers that legitimate objectives under the TBT Agreement are not compromised thereby, endeavour to accept non-permanent or detachable labels, or marking or labelling in the accompanying documentation rather than physically attached to the product.

ARTICLE 4.10

Co-ordination Mechanism

1. The Parties agree to nominate TBT Co-ordinators and to give appropriate information to the other Party when their TBT Co-ordinator changes. The TBT Co-

ordinators shall work jointly in order to facilitate the implementation of this Chapter and cooperation between the Parties in all matters pertaining to this Chapter.

2. The Co-ordinator's functions shall include:
 - (a) monitoring the implementation and administration of this Chapter, promptly addressing any issue that either Party raises related to the development, adoption, application or enforcement of standards, technical regulations and conformity assessment procedures, and upon either Party's request, consulting on any matter arising under this Chapter;
 - (b) enhancing cooperation in the development and improvement of standards, technical regulations and conformity assessment procedures;
 - (c) arranging the establishment of regulatory dialogues as appropriate in accordance with Article 4.3;
 - (d) arranging the establishment of working groups, which may include or consult with non governmental experts and stakeholders as mutually agreed by the Parties;
 - (e) exchanging information on developments in non-governmental, regional and multilateral fora related to standards, technical regulations and conformity assessment procedures; and
 - (f) reviewing this Chapter in light of any developments under the TBT Agreement.
3. The Co-ordinators shall communicate with each other by any agreed method that is appropriate for the efficient and effective discharge of their functions.

ANNEX 4

TBT CO-ORDINATOR

1. In the case of Korea, the TBT Co-ordinator shall be the Korean Agency for Technology and Standards or its successor.
2. In the case of the United Kingdom, the TBT Co-ordinator shall be the Department for International Trade or its successor.

CHAPTER FIVE

SANITARY AND PHYTOSANITARY MEASURES

ARTICLE 5.1

Objective

1. The objective of this Chapter is to minimise the negative effects of sanitary and phytosanitary measures on trade while protecting human, animal or plant life or health in the Parties' territories.
2. Furthermore, this Chapter aims to enhance cooperation between the Parties on animal welfare issues, taking into consideration various factors such as livestock industry conditions of the Parties.

ARTICLE 5.2

Scope

This Chapter applies to all sanitary and phytosanitary measures of a Party that may, directly or indirectly, affect trade between the Parties.

ARTICLE 5.3

Definition

For the purposes of this Chapter, **sanitary or phytosanitary measure** means any measure defined in paragraph 1 of Annex A of the SPS Agreement.

ARTICLE 5.4

Rights and Obligations

The Parties affirm their existing rights and obligations under the SPS Agreement.

ARTICLE 5.5

Transparency and Exchange of Information

The Parties shall:

- (a) pursue transparency as regards sanitary and phytosanitary measures applicable to trade;
- (b) enhance mutual understanding of each Party's sanitary and phytosanitary measures and their application;
- (c) exchange information on matters related to the development and application of sanitary and phytosanitary measures that affect, or may affect, trade between the Parties with a view to minimising their negative trade effects; and
- (d) communicate, upon request of a Party, the requirements that apply to the import of specific products.

ARTICLE 5.6

International Standards

The Parties shall:

- (a) cooperate, at the request of a Party, to develop a common understanding on the application of international standards in areas which affect, or may affect trade between them with a view to minimising negative effects on trade between them; and
- (b) cooperate in the development of international standards, guidelines and recommendations.

ARTICLE 5.7

Import Requirements

1. The general import requirements of a Party shall apply to the entire territory of the other Party.

2. Additional specific import requirements may be imposed on the exporting Party or parts thereof based on the determination of the animal or plant health status of the exporting Party or parts thereof made by the importing Party in accordance with the SPS Agreement, the Codex Alimentarius Commission, the World Organisation for Animal Health (hereinafter referred to as the "OIE") and the

International Plant Protection Convention (hereinafter referred to as the "IPPC") guidelines and standards.

ARTICLE 5.8

Measures Linked to Animal and Plant Health

1. The Parties shall recognise the concept of pest- or disease-free areas and areas of low pest or disease prevalence, in accordance with the SPS Agreement, OIE and IPPC standards, and shall establish an appropriate procedure for the recognition of such areas, taking into account any relevant international standard, guideline or recommendation.
2. When determining such areas, the Parties shall consider factors such as geographical location, ecosystems, epidemiological surveillance and the effectiveness of sanitary or phytosanitary controls in such areas.
3. The Parties shall establish close cooperation on the determination of pest- or disease-free areas and areas of low pest or disease prevalence with the objective of acquiring confidence in the procedures followed by each Party for the determination of such areas. The Parties shall endeavour to complete this confidence-building activity within about two years from the entry into force of this Agreement. The successful completion of the confidence-building cooperation shall be confirmed by the Committee on Sanitary and Phytosanitary Measures referred to in Article 5.10.
4. When determining such areas, the importing Party shall in principle base its own determination of the animal or plant health status of the exporting Party or parts thereof on the information provided by the exporting Party in accordance with the SPS Agreement, OIE and IPPC standards, and take into consideration the determination made by the exporting Party. In this connection, if a Party does not accept the determination made by the other Party, the Party not accepting the determination shall explain the reasons and shall be ready to enter into consultations.
5. The exporting Party shall provide necessary evidence in order to objectively demonstrate to the importing Party that such areas are, and are likely to remain, pest- or disease-free areas and areas of low pest or disease prevalence, respectively. For this purpose, reasonable access shall be given, upon request, to the importing Party for inspection, testing and other relevant procedures.

ARTICLE 5.9

Cooperation on Animal Welfare

The Parties shall:

- (a) exchange information, expertise and experiences in the field of animal welfare and adopt a working plan for such activities; and
- (b) cooperate in the development of animal welfare standards in international fora, in particular with respect to the stunning and slaughter of animals.

ARTICLE 5.10

Committee on Sanitary and Phytosanitary Measures

1. The Committee on Sanitary and Phytosanitary Measures established pursuant to Article 15.2.1 (Specialised Committees) may:

- (a) develop the necessary procedures or arrangements for the implementation of this Chapter;
- (b) monitor the progress of the implementation of this Chapter;
- (c) confirm the successful completion of the confidence-building activity referred to in Article 5.8.3;
- (d) develop procedures for the approval of establishments for products of animal origin and, where appropriate, of production sites for products of plant origin; and
- (e) provide a forum for discussion of problems arising from the application of certain sanitary or phytosanitary measures with a view to reaching mutually acceptable alternatives. In this connection, the Committee shall be convened as a matter of urgency, at the request of a Party, so as to carry out consultations.

2. The Committee shall be comprised of representatives of the Parties and shall meet once a year on a mutually agreed date. The venue of meetings shall also be mutually agreed. The agenda shall be agreed before the meetings. The chairmanship shall alternate between the Parties.

ARTICLE 5.11

Dispute Settlement

Neither Party may have recourse to Chapter Fourteen (Dispute Settlement) for any matter arising under this Chapter.

CHAPTER SIX
CUSTOMS AND TRADE FACILITATION

ARTICLE 6.1

Objectives and Principles

With the objectives of facilitating trade and promoting customs cooperation on a bilateral and multilateral basis, the Parties agree to cooperate and to adopt and apply their import, export and transit requirements and procedures for goods on the basis of the following objectives and principles:

- (a) in order to ensure that import, export and transit requirements and procedures for goods are efficient and proportionate;
 - (i) each Party shall adopt or maintain expedited customs procedures while maintaining appropriate customs control and selection procedures;
 - (ii) import, export and transit requirements and procedures shall be no more administratively burdensome or trade restrictive than necessary to achieve legitimate objectives;
 - (iii) each Party shall provide for clearance of goods with a minimum of documentation and make electronic systems accessible to customs users;
 - (iv) each Party shall use information technology that expedites procedures for the release of goods;
 - (v) each Party shall ensure that its customs authorities and agencies involved in border controls including import, export and transit matters, cooperate and co-ordinate their activities; and
 - (vi) each Party shall provide that the use of customs brokers is optional.
- (b) import, export and transit requirements and procedures shall be based on international trade and customs instruments and standards which the Parties have accepted;
 - (i) international trade and customs instruments and standards shall be the basis for import, export and transit requirements and procedures, where such instruments and standards exist, except when they would be an inappropriate or ineffective

means for the fulfilment of the legitimate objectives pursued;
and

- (ii) data requirements and processes shall be progressively used and applied in accordance with World Customs Organization (hereinafter referred to as the "WCO") Customs Data Model and related WCO recommendations and guidelines;
- (c) requirements and procedures shall be transparent and predictable for importers, exporters and other interested parties;
- (d) each Party shall consult in a timely manner with representatives of the trading community and other interested parties, including on significant new or amended requirements and procedures prior to their adoption;
- (e) risk management principles or procedures shall be applied to focus compliance efforts on transactions that merit attention;
- (f) each Party shall cooperate and exchange information for the purpose of promoting the application of, and compliance with, the trade facilitation measures agreed upon under this Agreement; and
- (g) measures to facilitate trade shall not prejudice the fulfilment of legitimate policy objectives, such as the protection of national security, health and the environment.

ARTICLE 6.2

Release of Goods

1. Each Party shall adopt and apply simplified and efficient customs and other trade-related requirements and procedures in order to facilitate trade between the Parties.
2. Pursuant to paragraph 1, each Party shall ensure that its customs authorities, border agencies or other competent authorities apply requirements and procedures that:
 - (a) provide for the release of goods within a period no longer than that required to ensure compliance with its customs and other trade-related laws and formalities. Each Party shall work to further reduce release time;
 - (b) provide for advance electronic submission and eventual processing of information before physical arrival of goods, "pre-arrival processing", to enable the release of goods on arrival;

- (c) allow importers to obtain the release of goods from customs before, and without prejudice to, the final determination by its customs authority of the applicable customs duties, taxes and fees¹; and
- (d) allow goods to be released for free circulation at the point of arrival, without temporary transfer to warehouses or other facilities.

ARTICLE 6.3

Simplified Customs Procedure

The Parties shall endeavour to apply simplified import and export procedures for traders or economic operators which meet specific criteria decided by a Party, providing in particular more rapid release and clearance of goods, including advance electronic submission and processing of information before physical arrival of consignments, a lower incidence of physical inspections, and facilitation of trade with regard to, for example, simplified declarations with a minimum of documentation.

ARTICLE 6.4

Risk Management

Each Party shall apply risk management systems, to the extent possible in an electronic manner, for risk analysis and targeting that enable its customs authorities to focus inspection activities on high risk goods and that simplify the clearance and movement of low-risk goods. Each Party shall draw upon the revised *International Convention on the Simplification and Harmonisation of Customs Procedures of 1999* (hereinafter referred to as the "Kyoto Convention") and WCO Risk Management Guidelines for its risk management procedures.

ARTICLE 6.5

Transparency

1. Each Party shall ensure that its customs and other trade-related laws, regulations and general administrative procedures and other requirements, including fees and charges, are readily available to all interested parties, via an officially designated medium, and where feasible and possible, official website.

¹ A Party may require an importer to provide sufficient guarantee in the form of a surety, a deposit or some other appropriate instruments, covering the ultimate payment of the customs duties, taxes and fees in connection with the importation of the goods.

2. Each Party shall designate or maintain one or more inquiry or information points to address inquiries by interested persons concerning customs and other trade-related matters.

3. Each Party shall consult with, and provide information to, representatives of the trading community and other interested parties. Such consultations and information shall cover significant new or amended requirements and procedures and the opportunity to comment shall be provided prior to their adoption.

ARTICLE 6.6

Advance Rulings

1. Upon written request from traders, each Party shall issue written advance rulings, through its customs authorities, prior to the importation of a good into its territory in accordance with its laws and regulations, on tariff classification, origin or any other such matters as the Party may decide.

2. Subject to any confidentiality requirements in its laws and regulations, each Party shall publish, e.g. on the Internet, its advance rulings on tariff classification and any other such matters as the Party may decide.

3. To facilitate trade, the Parties shall include in their bilateral dialogue regular updates on changes in their respective legislation on the matters referred to in paragraphs 1 and 2.

ARTICLE 6.7

Appeal Procedures

1. Each Party shall ensure that with respect to its determinations on customs matters and other import, export and transit requirements and procedures, persons concerned who are the subject of such determinations shall have access to review or appeal of such determinations. A Party may require that an appeal be initially heard by the same agency, its supervisory authority or a judicial authority prior to a review by a higher independent body, which may be a judicial authority or administrative tribunal.

2. The producer or exporter may provide, upon request of the reviewing authority to the producer or exporter, information directly to the Party conducting the administrative review. The exporter or producer providing the information may ask the Party conducting the administrative review to treat that information as confidential in accordance with its laws and regulations.

ARTICLE 6.8

Confidentiality

1. Any information provided by persons or authorities of a Party to the authorities of the other Party pursuant to the provisions of this Chapter shall, including where requested pursuant to Article 6.7, be treated as being of confidential or restricted nature, depending on the laws and regulations applicable in each Party. It shall be covered by the obligation of official secrecy and shall enjoy the protection extended to similar information under the relevant laws and regulations of the Party that received it.

2. Personal data may be exchanged only where the Party receiving the data undertakes to protect such data in a manner at least equivalent to that applicable to that particular case in the Party that may supply them. The person providing information shall not stipulate any requirements which are more onerous than those applicable to it in its own jurisdiction.

3. Information referred to in paragraph 1 shall not be used by the authorities of the Party which has received it for purposes other than those for which it was provided without the express permission of the person or authority providing it.

4. Other than with the express permission of the person or authority that provided it, the information referred to in paragraph 1 shall not be published or otherwise disclosed to any persons, except where obliged or authorised to do so under the laws and regulations of the Party that received it in connection with legal proceedings. The person or authority that provided the information shall be notified of such disclosure, wherever possible, in advance.

5. Where an authority of a Party requests information pursuant to the provisions of this Chapter, it shall notify the requested persons of any possibility of disclosure in connection with legal proceedings.

6. The requesting Party shall, unless otherwise agreed by the person who provided the information, wherever appropriate, use all available measures under the applicable laws and regulations of that Party to maintain the confidentiality of information and to protect personal data in case of applications by a third party or other authorities for the disclosure of the information concerned.

ARTICLE 6.9

Fees and Charges

With regard to all fees and charges of whatever character other than customs duties and the items that are excluded from the definition of a customs duty under Article 2.3 (Customs duty) imposed in connection with importation or exportation:

- (a) fees and charges shall only be imposed for services provided in connection with the importation or exportation in question or for any formality required for undertaking such importation or exportation;
- (b) fees and charges shall not exceed the approximate cost of the service provided;
- (c) fees and charges shall not be calculated on an ad valorem basis;
- (d) fees and charges shall not be imposed with respect to consular services;
- (e) the information on fees and charges shall be published via an officially designated medium, and where feasible and possible, official website. This information shall include the reason for the fee or charge for the service provided, the responsible authority, the fees and charges that will be applied, and when and how payment is to be made; and
- (f) new or amended fees and charges shall not be imposed until information in accordance with subparagraph (e) is published and made readily available.

ARTICLE 6.10

Pre-Shipment Inspections

Neither Party shall require the use of pre-shipment inspections or their equivalent.

ARTICLE 6.11

Post Clearance Audit

Each Party shall provide traders with the opportunity to benefit from the application of efficient post clearance audits. The application of post clearance audits shall not impose unwarranted or unjustified requirements or burdens on traders.

ARTICLE 6.12

Customs Valuation

The Customs Valuation Agreement without the reservations and options provided for in Article 20 and paragraphs 2 through 4 of Annex III of the Customs Valuation

Agreement, shall be incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 6.13

Customs Cooperation

1. The Parties shall enhance their cooperation in customs and customs-related matters.
2. The Parties undertake to develop trade facilitation actions in customs matters taking account of the work done in this connection by international organisations. This may include testing of new customs procedures.
3. The Parties affirm their commitment to the facilitation of the legitimate movement of goods and shall exchange expertise on measures to improve customs techniques and procedures and on computerised systems in accordance with the provisions of this Agreement.
4. The Parties shall commit to:
 - (a) pursuing the harmonisation of documentation and data elements used in trade according to international standards for the purpose of facilitating the flow of trade between them in customs-related matters regarding the importation, exportation and transit of goods;
 - (b) intensifying cooperation between their customs laboratories and scientific departments and to working towards the harmonisation of customs laboratories methods;
 - (c) exchanging customs personnel;
 - (d) jointly organising training programmes on customs-related issues, for the officials who participate directly in customs procedures;
 - (e) developing effective mechanisms for communicating with the trade and business communities;
 - (f) assisting to the extent practicable each other in the tariff classification, valuation and determination of origin for preferential tariff treatment of imported goods;
 - (g) promoting strong and efficient intellectual property rights enforcement by customs authorities, regarding imports, exports, re-exports, transit, transshipments and other customs procedures, and in particular as regards counterfeit goods; and

- (h) improving the security, while facilitating trade, of sea-container and other shipments from all locations that are imported into, transhipped through, or transiting the Parties. The Parties agree that the objectives of the intensified and broadened cooperation include, but are not limited to:
 - (i) working together to reinforce the customs related aspects for securing the logistics chain of international trade; and
 - (ii) co-ordinating positions, to the greatest extent practicable, in any multilateral fora where issues related to container security may be appropriately raised and discussed.

5. The Parties recognise that technical cooperation between them is fundamental to facilitating compliance with the obligations set forth in this Agreement and to achieving high levels of trade facilitation. The Parties, through their customs administrations, agree to develop a technical cooperation programme under mutually agreed terms as to the scope, timing and cost of cooperative measures in customs and customs-related areas.

6. Through the Parties' respective customs administrations and other border-related authorities, the Parties shall review relevant international initiatives on trade facilitation, including, *inter alia*, relevant work in the WTO and WCO, to identify areas where further joint action would facilitate trade between the Parties and promote shared multilateral objectives. The Parties shall work together to establish, wherever possible, common positions in international organisations in the field of customs and trade facilitation, notably in the WTO and WCO.

7. The Parties shall assist each other in implementation and enforcement of this Chapter, the Protocol concerning the Definition of "Originating Products" and Methods of Administrative Cooperation, and their respective customs laws or regulations.

ARTICLE 6.14

Mutual Administrative Assistance in Customs Matters

1. The Parties shall provide mutual administrative assistance in customs matters in accordance with the provisions laid down in the Protocol on Mutual Administrative Assistance in Customs Matters.

2. Neither Party may have recourse to Chapter Fourteen (Dispute Settlement) under this Agreement for matters covered by Article 9.1 of the Protocol on Mutual Administrative Assistance in Customs Matters.

ARTICLE 6.15

Customs Contact Points

1. The Parties shall exchange lists of designated contact points for matters arising under this Chapter and the Protocol concerning the Definition of "Originating Products" and Methods of Administrative Cooperation.
2. The contact points shall endeavour to resolve operational matters covered by this Chapter through consultations. If a matter cannot be resolved through the contact points, the matter shall be referred to the Customs Committee referred to in this Chapter.

ARTICLE 6.16

Customs Committee

1. The Customs Committee established pursuant to Article 15.2.1 (Specialised Committees) shall ensure the proper functioning of this Chapter and the Protocol concerning the Definition of "Originating Products" and Methods of Administrative Cooperation and the Protocol on Mutual Administrative Assistance in Customs Matters and examine all issues arising from their application. For matters covered by this Agreement, it shall report to the Trade Committee set up under Article 15.1.1 (Trade Committee).
2. The Customs Committee shall consist of representatives of the customs and other competent authorities of the Parties responsible for customs and trade facilitation matters, for the management of the Protocol concerning the Definition of "Originating Products" and Methods of Administrative Cooperation and the Protocol on Mutual Administrative Assistance in Customs Matters.
3. The Customs Committee shall adopt its rules of procedure and meet annually, the location of the meeting alternating between the Parties.
4. On the request of a Party, the Customs Committee shall meet to discuss and endeavour to resolve any difference that may arise between the Parties on matters as included in this Chapter and the Protocol concerning the Definition of "Originating Products" and Methods of Administrative Cooperation and the Protocol on Mutual Administrative Assistance in Customs Matters, including trade facilitation, tariff classification, origin of goods and mutual administrative assistance in customs matters, in particular relating to Articles 7 and 8 of the Protocol on Mutual Administrative Assistance in Customs Matters.
5. The Customs Committee may formulate resolutions, recommendations or opinions which it considers necessary for the attainment of the common objectives and sound functioning of the mechanisms established in this Chapter and the Protocol concerning the Definition of "Originating Products" and Methods of

Administrative Cooperation and the Protocol on Mutual Administrative Assistance
in Customs Matters.

CHAPTER SEVEN
**TRADE IN SERVICES, ESTABLISHMENT AND ELECTRONIC
COMMERCE**

SECTION A
GENERAL PROVISIONS

ARTICLE 7.1

Objective, Scope and Coverage

1. The Parties, reaffirming their respective rights and obligations under the WTO Agreement, hereby lay down the necessary arrangements for progressive reciprocal liberalisation of trade in services and establishment and for cooperation on electronic commerce.
2. Nothing in this Chapter shall be construed to impose any obligation with respect to government procurement.
3. This Chapter shall not apply to subsidies or grants provided by a Party, including government-supported loans, guarantees and insurance.
4. Consistent with this Chapter, each Party retains the right to regulate and to introduce new regulations to meet legitimate policy objectives.
5. This Chapter shall not apply to measures affecting natural persons seeking access to the employment market of a Party, nor shall it apply to measures regarding citizenship, residence or employment on a permanent basis.
6. Nothing in this Chapter shall prevent a Party from applying measures to regulate the entry of natural persons into, or their temporary stay in, its territory, including those measures necessary to protect the integrity of, and to ensure the orderly movement of natural persons across, its borders, provided that such measures are not applied in such a manner as to nullify or impair the benefits accruing to the other Party under the terms of a specific commitment in this Chapter and its Annexes¹.

¹ The sole fact of requiring a visa for natural persons of certain countries and not for those of others shall not be regarded as nullifying or impairing benefits under the terms of a specific commitment in this Chapter and its Annexes.

ARTICLE 7.2

Definitions

For the purposes of this Chapter:

- (a) **measure** means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action or any other form;
- (b) **measures adopted or maintained by a Party** means measures taken by:
 - (i) central, regional or local governments and authorities; and
 - (ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;
- (c) **person** means either a natural person or a juridical person;
- (d) **natural person** means a national of Korea or of the United Kingdom according to its respective legislation;
- (e) **juridical person** means any legal entity duly constituted or otherwise organised under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association;
- (f) **juridical person of a Party** means:
 - (i) a juridical person set up in accordance with the laws of the United Kingdom or of Korea respectively, and having its registered office, central administration² or principal place of business in the territory of the United Kingdom, or of Korea respectively. Should the juridical person have only its registered office or central administration in the territory of the United Kingdom or of Korea, it shall not be considered as a juridical person of the United Kingdom or of Korea respectively, unless it engages in substantive business operations in the territory of the United Kingdom or of Korea respectively; or
 - (ii) in the case of establishment in accordance with Article 7.9(a), a juridical person owned or controlled by natural persons of the United Kingdom or of Korea respectively, or by a juridical

² **Central administration** means the head office where ultimate decision-making takes place.

person of the United Kingdom or of Korea identified under subparagraph (i) respectively.

A juridical person is:

- (i) **owned** by persons of the United Kingdom or of Korea if more than 50 percent of the equity interest in it is beneficially owned by persons of the United Kingdom or of Korea respectively;
 - (ii) **controlled** by persons of the United Kingdom or of Korea if such persons have the power to name a majority of its directors or otherwise to legally direct its actions;
 - (iii) **affiliated** with another person when it controls, or is controlled by, that other person; or when it and the other person are both controlled by the same person;
- (g) Notwithstanding subparagraph (f), shipping companies established outside the United Kingdom or Korea and controlled by nationals of the United Kingdom or of Korea respectively, shall also be covered by this Agreement, if their vessels are registered in accordance with the respective legislation of the United Kingdom or of Korea and carry the flag of the United Kingdom or of Korea³;
- (h) **economic integration agreement** means an agreement substantially liberalising trade in services and establishment pursuant to the WTO Agreement in particular Articles V and V *bis* of GATS;
- (i) **aircraft repair and maintenance services** means such activities when undertaken on an aircraft or a part thereof while it is withdrawn from service and do not include so-called line maintenance;
- (j) **computer reservation system** (hereinafter referred to as "CRS") **services** means services provided by computerised systems that contain information about air carriers' schedules, availability, fares and fare rules, through which reservations can be made or tickets may be issued;
- (k) **selling and marketing of air transport services** means opportunities for the air carrier concerned to sell and market freely its air transport services including all aspects of marketing such as market research, advertising and distribution. These activities do not include the pricing of air transport services, nor the applicable conditions; and

³ This subparagraph shall not apply to establishment.

- (l) **service supplier** means any person that supplies or seeks to supply a service, including as an investor.

ARTICLE 7.3

Committee on Trade in Services, Establishment and Electronic Commerce

1. The Committee on Trade in Services, Establishment and Electronic Commerce established pursuant to Article 15.2.1 (Specialised Committees) shall comprise representatives of the Parties. The principal representative of the Parties for the Committee shall be an official of its authority responsible for the implementation of this Chapter.
2. The Committee shall:
 - (a) supervise and assess the implementation of this Chapter;
 - (b) consider issues regarding this Chapter that are referred to it by a Party;
and
 - (c) provide opportunities for relevant authorities to exchange information on prudential measures with respect to Article 7.46.

SECTION B

CROSS-BORDER SUPPLY OF SERVICES

ARTICLE 7.4

Scope and Definitions

1. This Section applies to measures of the Parties affecting the cross-border supply of all service sectors with the exception of:
 - (a) audio-visual services⁴
 - (b) national maritime cabotage; and
 - (c) domestic and international air transport services, whether scheduled or non-scheduled, and services directly related to the exercise of traffic rights, other than:
 - (i) aircraft repair and maintenance services;

⁴ The exclusion of audio-visual services from the scope of this Section is without prejudice to the rights and obligations derived from the Protocol on Cultural Cooperation.

- (ii) the selling and marketing of air transport services;
 - (iii) CRS services; and
 - (iv) other services auxiliary to air transport services, such as ground handling services, rental service of aircraft with crew and airport management services.
2. Measures affecting the cross-border supply of services include measures affecting:
- (a) the production, distribution, marketing, sale and delivery of a service;
 - (b) the purchase, payment or use of a service;
 - (c) the access to and use of, in connection with the supply of a service, networks or services which are required by the Parties to be offered to the public generally; and
 - (d) the presence in a Party's territory of a service supplier of the other Party.
3. For the purposes of this Section:
- (a) **cross-border supply of services** is defined as the supply of a service:
 - (i) from the territory of a Party into the territory of the other Party; and
 - (ii) in the territory of a Party to the service consumer of the other Party;
 - (b) **services** includes any service in any sector except services supplied in the exercise of governmental authority; and
 - (c) a **service supplied in the exercise of governmental authority** means any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers.

ARTICLE 7.5

Market Access

1. With respect to market access through the cross-border supply of services, each Party shall accord to services and service suppliers of the other Party treatment

no less favourable than that provided for under the terms, limitations and conditions agreed and specified in the specific commitments contained in Annex 7-A.

2. In sectors where market access commitments are undertaken, the measures which a Party shall not adopt or maintain either on the basis of a regional subdivision or on the basis of its entire territory, unless otherwise specified in Annex 7-A, are defined as:

- (a) limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirement of an economic needs test⁵;
- (b) limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test; and
- (c) limitations on the total number of service operations or on the total quantity of service output expressed in the terms of designated numerical units in the form of quotas or the requirement of an economic needs test⁶.

ARTICLE 7.6

National Treatment

1. In the sectors where market access commitments are inscribed in Annex 7-A and subject to any conditions and qualifications set out therein, each Party shall accord to services and service suppliers of the other Party, in respect of all measures affecting the cross-border supply of services, treatment no less favourable than that it accords to its own like services and service suppliers.

2. A Party may meet the requirement of paragraph 1 by according to services and service suppliers of the other Party, either formally identical treatment or formally different treatment to that it accords to its own like services and service suppliers.

3. Formally identical or formally different treatment shall be considered to be less favourable if it modifies the conditions of competition in favour of services or service suppliers of a Party compared to like services or service suppliers of the other Party.

⁵ This subparagraph includes measures which require a service supplier of the other Party to have an establishment within the meaning of Article 7.9(a) or to be resident in a Party's territory as a condition for the cross-border supply of services.

⁶ This subparagraph does not cover measures of a Party which limit inputs for the cross-border supply of services.

4. Specific commitments assumed under this Article shall not be construed to require any Party to compensate for any inherent competitive disadvantages which result from the foreign character of the relevant services or service suppliers.

ARTICLE 7.7

Lists of Commitments

1. The sectors liberalised by each Party pursuant to this Section and, by means of reservations, the market access and national treatment limitations applicable to services and service suppliers of the other Party in those sectors are set out in the lists of commitments included in Annex 7-A.

2. Neither Party may adopt new, or more, discriminatory measures with regard to services or service suppliers of the other Party in comparison with treatment accorded pursuant to the specific commitments undertaken in conformity with paragraph 1.

ARTICLE 7.8

MFN Treatment⁷

1. With respect to any measures covered by this Section affecting the cross-border supply of services, unless otherwise provided for in this Article, each Party shall accord to services and service suppliers of the other Party treatment no less favourable than that it accords to like services and service suppliers of any third country in the context of an economic integration agreement signed after the entry into force of this Agreement.

2. Treatment arising from a regional economic integration agreement granted by either Party to services and service suppliers of a third party shall be excluded from the obligation in paragraph 1, only if this treatment is granted under sectoral or horizontal commitments for which the regional economic integration agreement stipulates a significantly higher level of obligations than those undertaken in the context of this Section as set out in Annex 7-B.

3. Notwithstanding paragraph 2, the obligations arising from paragraph 1 shall not apply to treatment granted:

- (a) under measures providing for recognition of qualifications, licences or prudential measures in accordance with Article VII of GATS or its Annex on Financial Services;

⁷ Nothing in this Article shall be interpreted as extending the scope of this Section.

- (b) under any international agreement or arrangement relating wholly or mainly to taxation; or
- (c) under measures covered by the MFN exemptions listed in Annex 7-C.

4. This Chapter shall not be so construed as to prevent any Party from conferring or according advantages to adjacent countries in order to facilitate exchanges limited to contiguous frontier zone of services that are both locally produced and consumed.

SECTION C

ESTABLISHMENT

ARTICLE 7.9

Definitions

For the purposes of this Section:

- (a) **establishment** means:
 - (i) the constitution, acquisition or maintenance of a juridical person⁸; or
 - (ii) the creation or maintenance of a branch or representative office within the territory of a Party for the purpose of performing an economic activity;
- (b) **investor** means any person that seeks to perform or performs an economic activity through setting up an establishment⁹;
- (c) **economic activity** includes any activities of an economic nature except activities carried out in the exercise of governmental authority, i.e. activities carried out neither on a commercial basis nor in competition with one or more economic operators;

⁸ The terms "constitution" and "acquisition" of a juridical person shall be understood as including capital participation in a juridical person with a view to establishing or maintaining lasting economic links.

⁹ Where the economic activity is not performed directly by a juridical person but through other forms of establishment such as a branch or a representative office, the investor including the juridical person shall, nonetheless, through such establishment be accorded the treatment provided for investors under this Agreement. Such treatment shall be extended to the establishment through which the economic activity is performed and need not be extended to any other parts of the investor located outside the territory where the economic activity is performed.

- (d) **subsidiary of a juridical person of a Party** means a juridical person which is effectively controlled by another juridical person of that Party; and
- (e) **branch of a juridical person** means a place of business not having legal personality which has the appearance of permanency, such as the extension of a parent body, has a management and is materially equipped to negotiate business with third parties so that the latter, although knowing that there will, if necessary, be a legal link with the parent body, the head office of which is abroad, do not have to deal directly with such parent body but may transact business at the place of business constituting the extension.

ARTICLE 7.10

Scope

With a view to improving the investment environment, and in particular the conditions of establishment between the Parties, this Section applies to measures by the Parties affecting establishment¹⁰ in all economic activities with the exception of:

- (a) mining, manufacturing and processing¹¹ of nuclear materials;
- (b) production of, or trade in, arms, munitions and war material¹²;
- (c) audio-visual services¹³;
- (d) national maritime cabotage; and
- (e) domestic and international air transport services, whether scheduled or non-scheduled, and services directly related to the exercise of traffic rights, other than:
 - (i) aircraft repair and maintenance services;
 - (ii) the selling and marketing of air transport services;
 - (iii) CRS services; and

¹⁰ Investment protection, other than the treatment deriving from Article 7.12, including investor state dispute settlement procedures, is not covered by this Chapter.

¹¹ For greater certainty, processing of nuclear materials covers all the activities included in the International Standard Industrial Classification of all Economic Activities as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N°4, ISIC REV 3.1, 2002 code 2330.

¹² War material is limited to any product which is solely intended and made for military use in connection with the conduct of war or defence activities.

¹³ The exclusion of audio-visual services from the scope of this Section is without prejudice to the rights and obligations derived from the Protocol on Cultural Cooperation.

- (iv) other services auxiliary to air transport services, such as ground handling services, rental service of aircraft with crew and airport management services.

ARTICLE 7.11

Market Access

1. With respect to market access through establishment, each Party shall accord to establishments and investors of the other Party treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in the specific commitments contained in Annex 7-A.

2. In sectors where market access commitments are undertaken, the measures which a Party shall not adopt or maintain either on the basis of a regional subdivision or on the basis of its entire territory, unless otherwise specified in Annex 7-A, are defined as:

- (a) limitations on the number of establishments whether in the form of numerical quotas, monopolies, exclusive rights or other establishment requirements such as economic needs test;
- (b) limitations on the total value of transactions or assets in the form of numerical quotas or the requirement of an economic needs test;
- (c) limitations on the total number of operations or on the total quantity of output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test¹⁴;
- (d) limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholdings or the total value of individual or aggregate foreign investment;
- (e) measures which restrict or require specific types of legal entity or joint ventures through which an investor of the other Party may perform an economic activity; and
- (f) limitations on the total number of natural persons, other than key personnel and graduate trainees as defined in Article 7.17, that may be employed in a particular sector or that an investor may employ and who are necessary for, and directly related to, the performance of the economic activity in the form of numerical quotas or the requirement of an economic needs test.

¹⁴ Subparagraphs (a) through (c) do not cover measures taken in order to limit the production of an agricultural product.

ARTICLE 7.12

National Treatment¹⁵

1. In the sectors inscribed in Annex 7-A, and subject to any conditions and qualifications set out therein, with respect to all measures affecting establishment, each Party shall accord to establishments and investors of the other Party treatment no less favourable than that it accords to its own like establishments and investors.
2. A Party may meet the requirement of paragraph 1 by according to establishments and investors of the other Party, either formally identical treatment or formally different treatment to that it accords to its own like establishments and investors.
3. Formally identical or formally different treatment shall be considered to be less favourable if it modifies the conditions of competition in favour of establishments or investors of the Party compared to like establishments or investors of the other Party.
4. Specific commitments assumed under this Article shall not be construed to require any Party to compensate for any inherent competitive disadvantages which result from the foreign character of the relevant establishments or investors.

ARTICLE 7.13

Lists of Commitments

1. The sectors liberalised by each Party pursuant to this Section and, by means of reservations, the market access and national treatment limitations applicable to establishments and investors of the other Party in those sectors are set out in the lists of commitments included in Annex 7-A.
2. Neither Party may adopt new, or more, discriminatory measures with regard to establishments and investors of the other Party in comparison with treatment accorded pursuant to the specific commitments undertaken in conformity with paragraph 1.

¹⁵ This Article applies to measures governing the composition of boards of directors of an establishment, such as nationality and residency requirements.

ARTICLE 7.14

MFN Treatment¹⁶

1. With respect to any measures covered by this Section affecting establishment, unless otherwise provided for in this Article, each Party shall accord to establishments and investors of the other Party treatment no less favourable than that it accords to like establishments and investors of any third country in the context of an economic integration agreement signed after the entry into force of this Agreement¹⁷.

2. Treatment arising from a regional economic integration agreement granted by either Party to establishments and investors of a third party shall be excluded from the obligation in paragraph 1, only if this treatment is granted under sectoral or horizontal commitments for which the regional economic integration agreement stipulates a significantly higher level of obligations than those undertaken in the context of this Section as set out in Annex 7-B.

3. Notwithstanding paragraph 2, the obligations arising from paragraph 1 shall not apply to treatment granted:

- (a) under measures providing for recognition of qualifications, licences or prudential measures in accordance with Article VII of GATS or its Annex on Financial Services;
- (b) under any international agreement or arrangement relating wholly or mainly to taxation; or
- (c) under measures covered by an MFN exemption listed in Annex 7-C.

4. This Chapter shall not be so construed as to prevent any Party from conferring or according advantages to adjacent countries in order to facilitate exchanges limited to contiguous frontier zone of services that are both locally produced and consumed.

ARTICLE 7.15

Other Agreements

Nothing in this Chapter shall be deemed to:

- (a) limit the rights of investors of the Parties to benefit from any more favourable treatment provided for in any existing or future

¹⁶ Nothing in this Article shall be interpreted as extending the scope of this Section.

¹⁷ The obligation contained in this paragraph does not extend to the investment protection provisions not covered by this Chapter, including provisions relating to investor-state dispute settlement procedures.

international agreement relating to investment to which the United Kingdom and Korea are party; and

- (b) derogate from the international legal obligations of the Parties under those agreements that provide investors of the Parties with more favourable treatment than that provided for under this Agreement.

ARTICLE 7.16

Review of the Investment Legal Framework

1. With a view to progressively liberalising investments, the Parties shall review the investment legal framework¹⁸, the investment environment and the flow of investment between them consistent with their commitments in international agreements and such review shall commence no later than two years after the entry into force of this Agreement to feed into the subsequent negotiations set out in Article 15.5*bis* (Subsequent Negotiations).

2. In the context of the review referred to in paragraph 1, the Parties shall assess any obstacles to investment that have been encountered and shall undertake negotiations to address such obstacles, with a view to deepening the provisions of this Chapter, including with respect to general principles of investment protection.

SECTION D

TEMPORARY PRESENCE OF NATURAL PERSONS FOR BUSINESS

ARTICLE 7.17

Scope and Definitions

1. This Section applies to measures of the Parties concerning the entry into, and temporary stay in, their territories of key personnel, graduate trainees, business services sellers, contractual service suppliers and independent professionals subject to Article 7.1.5.

2. For the purposes of this Section:

- (a) **key personnel** means natural persons employed within a juridical person of a Party other than a non profit organisation and who are responsible for the setting up or the proper control, administration and operation of an establishment. Key personnel comprises business

¹⁸ This includes this Chapter and Annexes 7-A and 7-C.

visitors responsible for setting up an establishment and intra-corporate transferees;

- (i) **business visitors** means natural persons working in a senior position who are responsible for setting up an establishment. They do not engage in direct transactions with the general public and do not receive remuneration from a source located within the host Party; and
- (ii) **intra-corporate transferees** means natural persons who have been employed by a juridical person of a Party or have been partners in it (other than as majority shareholders) for at least one year and who are temporarily transferred to an establishment (including subsidiaries, affiliates or branches) in the territory of the other Party. The natural person concerned shall belong to one of the following categories.

Managers

Natural persons working in a senior position within a juridical person, who primarily direct the management of the establishment, receiving general supervision or direction principally from the board of directors or shareholders of the business or their equivalents, including:

- (A) directing the establishment or a department or sub-division thereof;
- (B) supervising and controlling the work of other supervisory, professional or managerial employees; and
- (C) having the authority personally to recruit and dismiss or recommend recruiting, dismissing or other personnel actions.

Specialists

Natural persons working within a juridical person who possess uncommon knowledge essential to the establishment's production, research equipment, techniques or management. In assessing such knowledge, account will be taken not only of knowledge specific to the establishment, but also of whether the person has a high level of qualification referring to a type of work or trade requiring specific technical knowledge, including membership of an accredited profession.

- (b) **graduate trainees** means natural persons who have been employed by a juridical person of a Party for at least one year, who possess a university degree and who are temporarily transferred to an establishment in the territory of the other Party for career development purposes or to obtain training in business techniques or methods¹⁹;
- (c) **business service sellers** means natural persons who are representatives of a service supplier of a Party seeking temporary entry into the territory of the other Party for the purpose of negotiating the sale of services or entering into agreements to sell services for that service supplier. They do not engage in making direct sales to the general public and do not receive remuneration from a source located within the host Party;
- (d) **contractual service suppliers** means natural persons employed by a juridical person of a Party which has no establishment in the territory of the other Party and which has concluded a bona fide contract to supply services with a final consumer in the latter Party requiring the presence on a temporary basis of its employees in that Party in order to fulfil the contract to provide services²⁰ and
- (e) **independent professionals** means natural persons engaged in the supply of a service and established as self-employed in the territory of a Party who have no establishment in the territory of the other Party and who have concluded a bona fide contract to supply services with a final consumer in the latter Party requiring their presence on a temporary basis in that Party in order to fulfil the contract to provide services²¹.

ARTICLE 7.18

Key Personnel and Graduate Trainees

1. For every sector liberalised in accordance with Section C and subject to any reservations listed in Annex 7-A, each Party shall allow investors of the other Party to transfer to their establishment natural persons of that other Party, provided that such employees are key personnel or graduate trainees as defined in Article 7.17. The temporary entry and stay of key personnel and graduate trainees shall be permitted for a period of up to three years for intra

¹⁹ The recipient establishment may be required to submit a training programme covering the duration of stay for prior approval, demonstrating that the purpose of the stay is for training corresponding to the level of a university degree.

²⁰ The service contract referred to under this subparagraph shall comply with the laws, regulations and requirements of the Party where the contract is executed.

²¹ The service contract referred to under this subparagraph shall comply with the laws, regulations and requirements of the Party where the contract is executed.

corporate transferees²², 90 days in any 12-month period for business visitors²³, and one year for graduate trainees.

2. For every sector liberalised in accordance with Section C, the measures which a Party shall not maintain or adopt, unless otherwise specified in Annex 7-A, are defined as limitations on the total number of natural persons that an investor may transfer as key personnel or graduate trainees in a specific sector in the form of numerical quotas or a requirement of an economic needs test and as discriminatory limitations²⁴.

ARTICLE 7.19

Business Service Sellers

For every sector liberalised in accordance with Section B or C and subject to any reservations listed in Annex 7-A, each Party shall allow the temporary entry and stay of business service sellers for a period of up to 90 days in any 12-month period²⁵.

ARTICLE 7.20

Contractual Service Supplier and Independent Professionals

1. The Parties reaffirm their respective obligations arising from their commitments under the GATS as regards the temporary entry and stay of contractual service suppliers and independent professionals.

2. No later than two years after the conclusion of the negotiations pursuant to Article XIX of GATS and to the *Ministerial Declaration of the WTO Ministerial Conference* adopted on 14 November 2001, the Trade Committee shall adopt a decision containing a list of commitments concerning the access of contractual service suppliers and independent professionals of a Party to the territory of the other Party. Taking into account the results of those GATS negotiations, the commitments shall be mutually beneficial and commercially meaningful.

²² A Party may authorise an extension for the period allowed in conformity with the laws and regulations in force in its territory.

²³ This paragraph is without prejudice to the rights and obligations deriving from bilateral visa waiver agreements between Korea and the United Kingdom.

²⁴ Unless otherwise provided in Annex 7-A, neither Party may require that an establishment appoints to senior management positions natural persons of any particular nationality or having residency in its territory.

²⁵ This Article is without prejudice to the rights and obligations deriving from bilateral visa waiver agreements between Korea and the United Kingdom.

SECTION E

REGULATORY FRAMEWORK

SUB-SECTION A

PROVISIONS OF GENERAL APPLICATION

ARTICLE 7.21

Mutual Recognition

1. Nothing in this Chapter shall prevent a Party from requiring that natural persons possess the necessary qualifications and/or professional experience specified in the territory where the service is supplied, for the sector of activity concerned.
2. The Parties shall encourage the relevant representative professional bodies in their respective territories to jointly develop and provide recommendations on mutual recognition to the Trade Committee, for the purpose of the fulfilment, in whole or in part, by service suppliers and investors in services sectors, of the criteria applied by each Party for the authorisation, licensing, operation and certification of service suppliers and investors in services sectors and, in particular, professional services, including temporary licensing.
3. On receipt of a recommendation referred to in paragraph 2, the Trade Committee shall, within a reasonable time, review the recommendation with a view to determining whether it is consistent with this Agreement.
4. When, in conformity with the procedure set out in paragraph 3, a recommendation referred to in paragraph 2 has been found to be consistent with this Agreement and there is a sufficient level of correspondence between the relevant regulations of the Parties, the Parties shall, with a view to implementing that recommendation, negotiate, through their competent authorities, an agreement on mutual recognition (hereinafter referred to as an "MRA") of requirements, qualifications, licences and other regulations.
5. Any such agreement shall be in conformity with the relevant provisions of the WTO Agreement and, in particular, Article VII of GATS.
6. The Working Group on MRA established pursuant to Article 15.3.1 (Working Groups) shall operate under the Trade Committee and shall comprise representatives of the Parties. With a view to facilitating the activities referred to in paragraph 2, the Working Group shall meet within one year of the entry into force of this Agreement, unless the Parties agree otherwise.

- (a) The Working Group should consider, for services generally, and as appropriate for individual services, the following matters:
 - (i) procedures for encouraging the relevant representative bodies in their respective territories to consider their interest in mutual recognition; and
 - (ii) procedures for fostering the development of recommendations on mutual recognition by the relevant representative bodies.
- (b) The Working Group shall function as a contact point for issues relating to mutual recognition raised by relevant professional bodies of either Party.

ARTICLE 7.22

Transparency and Confidential Information

1. The Parties, through the mechanisms established pursuant to Chapter Twelve (Transparency), shall respond promptly to all requests by the other Party for specific information on:

- (a) international agreements or arrangements, including on mutual recognition, which pertain to or affect matters falling under this Chapter; and
- (b) standards and criteria for licensing and certification of service suppliers, including information concerning the appropriate regulatory or other body to consult regarding such standards and criteria. Such standards and criteria include requirements regarding education, examination, experience, conduct and ethics, professional development and re-certification, scope of practice, local knowledge and consumer protection.

2. Nothing in this Agreement shall require any Party to provide confidential information, the disclosure of which would impede law enforcement, or otherwise be contrary to the public interests, or which would prejudice legitimate commercial interests of particular enterprises, public or private.

3. Each Party's regulatory authorities shall make publicly available the requirements, including any documentation required, for completing applications relating to the supply of services.

4. On the request of an applicant, a Party's regulatory authority shall inform the applicant of the status of its application. If the authority requires additional information from the applicant, it shall notify the applicant without undue delay.

5. On the request of an unsuccessful applicant, a regulatory authority that has denied an application shall, to the extent possible, inform the applicant of the reasons for denial of the application.

6. A Party's regulatory authority shall make an administrative decision on a completed application of an investor or a cross-border service supplier of the other Party relating to the supply of a service within 120 days, and shall promptly notify the applicant of the decision. An application shall not be considered complete until all relevant hearings are held and all necessary information is received. Where it is not possible for a decision to be made within 120 days, the regulatory authority shall notify the applicant without undue delay and shall endeavour to make the decision within a reasonable period of time thereafter.

ARTICLE 7.23

Domestic Regulation

1. Where authorisation is required for the supply of a service or for establishment on which a specific commitment has been made, the competent authorities of a Party shall, within a reasonable period of time after the submission of an application considered complete under domestic laws and regulations, inform the applicant of the decision concerning the application. At the request of the applicant, the competent authorities of the Party shall provide, without undue delay, information concerning the status of the application.

2. Each Party shall institute or maintain judicial, arbitral or administrative tribunals or procedures which provide, at the request of an affected investor or service supplier, for a prompt review of, and where justified, appropriate remedies for, administrative decisions affecting establishment, cross-border supply of services or temporary presence of natural persons for business purpose. Where such procedures are not independent of the agency entrusted with the administrative decision concerned, the Parties shall ensure that the procedures in fact provide for an objective and impartial review.

3. With a view to ensuring that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services, while recognising the right to regulate and to introduce new regulations on the supply of services in order to meet public policy objectives, each Party shall endeavour to ensure, as appropriate for individual sectors, that such measures are:

- (a) based on objective and transparent criteria, such as competence and the ability to supply the service; and
- (b) in the case of licensing procedures, not in themselves a restriction on the supply of the service.

4. This Article shall be amended, as appropriate, after consultations between the Parties, to bring under this Agreement the results of the negotiations pursuant to paragraph 4 of Article VI of GATS or the results of any similar negotiations undertaken in other multilateral fora in which both Parties participate once they become effective.

ARTICLE 7.24

Governance

Each Party shall, to the extent practicable, ensure that internationally agreed standards for regulation and supervision in the financial services sector and for the fight against tax evasion and avoidance are implemented and applied in its territory. Such internationally agreed standards are, *inter alia*, the *Core Principle for Effective Banking Supervision* of the Basel Committee on Banking Supervision, the *Insurance Core Principles and Methodology*, approved in Singapore on 3 October 2003 of the International Association of Insurance Supervisors, the *Objectives and Principles of Securities Regulation* of the International Organisation of Securities Commissions, the *Agreement on Exchange of Information on Tax Matters* of the Organisation for Economic Co operation and Development (hereinafter referred to as the "OECD"), the *Statement on Transparency and Exchange of Information for Tax Purposes* of the G20, and the *Forty Recommendations on Money Laundering and Nine Special Recommendations on Terrorist Financing* of the Financial Action Task Force.

SUB-SECTION B

COMPUTER SERVICES

ARTICLE 7.25

Computer Services

1. In liberalising trade in computer services in accordance with Sections B through D, the Parties subscribe to the understanding set out in the following paragraphs.

2. CPC²⁶ 84, the United Nations code used for describing computer and related services, covers the basic functions used to provide all computer and related services including computer programs defined as the sets of instructions required to make computers work and communicate (including their development and implementation), data processing and storage, and related services, such as consultancy and training services for staff of clients. Technological developments

²⁶ CPC means the Central Products Classification as set out in Statistical Office of the United Nations, Statistical Papers, Series M, NO 77, CPC Prov, 1991.

have led to the increased offering of these services as a bundle or package of related services that can include some or all of these basic functions. For example, services such as web or domain hosting, data mining services and grid computing consist of a combination of basic computer services functions respectively.

3. Computer and related services, regardless of whether they are delivered via a network, including the Internet, include all services that provide:

- (a) consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, support, technical assistance or management of or for computers or computer systems;
- (b) computer programs plus consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, adaptation, maintenance, support, technical assistance, management or use of or for computer programs;
- (c) data processing, data storage, data hosting or database services;
- (d) maintenance and repair services for office machinery and equipment, including computers; or
- (e) training services for staff of clients, related to computer programs, computers or computer systems, and not elsewhere classified.

4. Computer and related services enable the provision of other services such as banking by both electronic and other means. The Parties recognise that there is an important distinction between the enabling service such as web-hosting or application hosting and the content or core service that is being delivered electronically such as banking, and that in such cases the content or core service is not covered by CPC 84.

SUB-SECTION C

POSTAL AND COURIER SERVICES

ARTICLE 7.26

Regulatory Principles

With a view to ensuring competition in postal and courier services not reserved to a monopoly in each Party, the Trade Committee shall set out the principles of the regulatory framework applicable to those services. Those principles shall aim to

address issues such as anti-competitive practices, universal service, individual licenses and nature of the regulatory authority²⁷.

SUB-SECTION D

TELECOMMUNICATIONS SERVICES

ARTICLE 7.27

Scope and Definitions

1. This Sub-section sets out the principles of the regulatory framework for the basic telecommunications services²⁸, other than broadcasting, liberalised pursuant to Sections B through D of this Chapter.

2. For the purposes of this Sub-section:

- (a) **telecommunications services** means all services consisting of the transmission and reception of electromagnetic signals and does not cover the economic activity consisting of the provision of content which requires telecommunications for its transport;
- (b) **public telecommunications transport service** means any telecommunications service that a Party requires, explicitly or in effect, to be offered to the public generally;
- (c) **public telecommunications transport network** means the public telecommunications infrastructure which permits telecommunications between and among defined network termination points;
- (d) **regulatory authority** in the telecommunication sector means the body or bodies charged with the regulation of telecommunications mentioned in this Sub-section;
- (e) **essential facilities** means facilities of a public telecommunications transport network or service that:
 - (i) are exclusively or predominantly provided by a single or limited number of suppliers; and

²⁷ For greater certainty, nothing in this Article shall be interpreted as intending to change the regulatory framework of the existing regulatory body in Korea which regulates private delivery service suppliers upon the entry into force of this Agreement.

²⁸ These include services listed in items from a through g under C. Telecommunication Services of 2. Communication Services in the MTN/GNS/W/120.

- (ii) cannot feasibly be economically or technically substituted in order to provide a service;
- (f) **major supplier in the telecommunication sector** means a supplier that has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for telecommunications services as a result of its control over essential facilities or the use of its position in the market;
- (g) **interconnection** means linking with suppliers providing public telecommunications transport networks or services in order to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier, where specific commitments are undertaken;
- (h) **universal service** means the set of services that must be made available to all users in the territory of a Party regardless of their geographical location and at an affordable price²⁹;
- (i) **end-user** means a final consumer of or subscriber to a public telecommunications transport service, including a service supplier other than a supplier of public telecommunications transport services;
- (j) **non-discriminatory** means treatment no less favourable than that accorded to any other user of like public telecommunications transport networks or services in like circumstances; and
- (k) **number portability** means the ability of end-users of public telecommunications transport services to retain, at the same location, the same telephone numbers without impairment of quality, reliability or convenience when switching between the same category of suppliers of public telecommunications transport services.

ARTICLE 7.28

Regulatory Authority

1. A regulatory authority for telecommunications services shall be legally distinct from and functionally independent of any supplier of telecommunications services.
2. The regulatory authority shall be sufficiently empowered to regulate the telecommunications services sector. The tasks to be undertaken by a regulatory authority shall be made public in an easily accessible and clear form, in particular where those tasks are assigned to more than one body.

²⁹ The scope and implementation of universal services shall be decided by each Party.

3. The decisions of, and the procedures used by, the regulatory authority shall be impartial with respect to all market participants.

ARTICLE 7.29

Authorisation to Provide Telecommunications Services

1. Provision of services shall, to the extent practicable, be authorised following a simplified authorisation procedure.
2. A license can be required to address issues of attributions of frequencies, numbers and rights of way. The terms and conditions for such license shall be made publicly available.
3. Where a license is required:
 - (a) all the licensing criteria and the reasonable period of time normally required to reach a decision concerning an application for a licence shall be made publicly available;
 - (b) the reasons for the denial of a licence shall be made known in writing to the applicant upon request; and
 - (c) license fees³⁰ required by any Party for granting a licence shall not exceed the administrative costs normally incurred in the management, control and enforcement of the applicable licences³¹.

ARTICLE 7.30

Competitive Safeguards on Major Suppliers

Appropriate measures shall be maintained for the purpose of preventing suppliers who, alone or together, are a major supplier from engaging in or continuing anti-competitive practices. These anti competitive practices shall include in particular:

- (a) engaging in anti-competitive cross-subsidisation³²;
- (b) using information obtained from competitors with anti-competitive results; and

³⁰ License fees do not include payments for auction, tendering or other non-discriminatory means of awarding concessions, or mandated contributions to universal service provision.

³¹ Each Party shall ensure that licence fees are imposed and applied in a non discriminatory manner upon the entry into force of this Agreement.

³² Or margin squeeze for the United Kingdom

- (c) not making available to other service suppliers on a timely basis technical information about essential facilities and commercially relevant information which are necessary for them to provide services.

ARTICLE 7.31

Interconnection

1. Each Party shall ensure that suppliers of public telecommunications transport networks or services in its territory provide, directly or indirectly within the same territory, to suppliers of public telecommunications transport services of the other Party the possibility to negotiate interconnection. Interconnection should in principle be agreed on the basis of commercial negotiations between the companies concerned.
2. Regulatory authorities shall ensure that suppliers that acquire information from another undertaking during the process of negotiating interconnection arrangements use that information solely for the purpose for which it was supplied and respect at all times the confidentiality of information transmitted or stored.
3. Interconnection with a major supplier shall be ensured at any technically feasible point in the network. Such interconnection shall be provided:
 - (a) under non-discriminatory terms, conditions (including technical standards and specifications) and rates, and of a quality no less favourable than that provided for its own like services, for like services of non-affiliated service suppliers or for like services of its subsidiaries or other affiliates;
 - (b) in a timely fashion, on terms and conditions (including technical standards and specifications) and at cost-oriented rates that are transparent, reasonable, having regard to economic feasibility, and sufficiently unbundled so that the supplier need not pay for network components or facilities that it does not require for the service to be provided; and
 - (c) upon request, at points in addition to the network termination points offered to the majority of users, subject to charges that reflect the cost of construction of necessary additional facilities.
4. The procedures applicable for interconnection with a major supplier shall be made publicly available.

5. Major suppliers shall make publicly available either their interconnection agreements or their reference interconnection offers³³.

ARTICLE 7.32

Number Portability

Each Party shall ensure that suppliers of public telecommunications transport services in its territory, other than suppliers of voice over internet protocol services, provide number portability to the extent technically feasible, and on reasonable terms and conditions.

ARTICLE 7.33

Allocation and Use of Scarce Resources

1. Any procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, shall be carried out in an objective, timely, transparent and non discriminatory manner.
2. The current state of allocated frequency bands shall be made publicly available, but detailed identification of frequencies allocated for specific government uses is not required.

ARTICLE 7.34

Universal Service

1. Each Party has the right to define the kind of universal service obligations it wishes to maintain.
2. Such obligations will not be regarded as anti-competitive per se, provided they are administered in a transparent, objective and non-discriminatory way. The administration of such obligations shall also be neutral with respect to competition and not be more burdensome than necessary for the kind of universal service defined by each Party.

³³ Each Party will implement this obligation in accordance with its relevant legislation.

ARTICLE 7.35

Confidentiality of Information

Each Party shall ensure the confidentiality of telecommunications and related traffic data by means of a public telecommunications transport network and publicly available telecommunications services without restricting trade in services.

ARTICLE 7.36

Resolution of Telecommunications Disputes

Recourse

1. Each Party shall ensure that:
 - (a) service suppliers may have recourse to a regulatory authority or other relevant body of the Party to resolve disputes between service suppliers or between service suppliers and users regarding matters set out in this Sub-section; and
 - (b) in the event of a dispute arising between suppliers of public telecommunications transport networks or services in connection with rights and obligations that arise from this Sub section, a regulatory authority concerned shall, at the request of either party to the dispute issue a binding decision to resolve the dispute in the shortest possible time frame and in any case within a reasonable period of time.

Appeal and Judicial Review

2. Any service supplier whose legally protected interests are adversely affected by a determination or decision of a regulatory authority:
 - (a) shall have a right to appeal against that determination or decision to an appeal body³⁴. Where the appeal body is not judicial in character, written reasons for its determination or decision shall always be given and its determination or decision shall also be subject to review by an impartial and independent judicial authority. Determinations or decisions taken by appeal bodies shall be effectively enforced; and
 - (b) may obtain review of the determination or decision by an impartial and independent judicial authority of the Party. Neither Party may permit an application for judicial review to constitute grounds for

³⁴ For disputes between service suppliers or between service suppliers and users, the appeal body shall be independent of the parties involved in the dispute.

non-compliance with the determination or decision of the regulatory authority unless the relevant judicial body stays such determination or decision.

SUB-SECTION E

FINANCIAL SERVICES

ARTICLE 7.37

Scope and Definitions

1. This Sub-section sets out the principles of the regulatory framework for all financial services liberalised pursuant to Sections B through D.
2. For the purposes of this Sub-section:

financial services means any service of a financial nature offered by a financial service supplier of a Party. Financial services include the following activities:

- (a) Insurance and insurance-related services:
 - (i) direct insurance (including co-insurance):
 - (A) life;
 - (B) non-life;
 - (ii) reinsurance and retrocession;
 - (iii) insurance inter-mediation, such as brokerage and agency; and
 - (iv) services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services; and
- (b) Banking and other financial services (excluding insurance):
 - (i) acceptance of deposits and other repayable funds from the public;
 - (ii) lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transactions;

- (iii) financial leasing;
- (iv) all payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts;
- (v) guarantees and commitments;
- (vi) trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:
 - (A) money market instruments (including cheques, bills and certificates of deposits);
 - (B) foreign exchange;
 - (C) derivative products including, but not limited to, futures and options;
 - (D) exchange rate and interest rate instruments, including products such as swaps, forward rate agreements;
 - (E) transferable securities; and
 - (F) other negotiable instruments and financial assets, including bullion;
- (vii) participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues;
- (viii) money broking;
- (ix) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;
- (x) settlement and clearing services for financial assets, including securities, derivative products and other negotiable instruments;
- (xi) provision and transfer of financial information, and financial data processing and related software; and
- (xii) advisory, intermediation and other auxiliary financial services on all the activities listed in subparagraphs (i) through (xi), including credit reference and analysis, investment and

portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy;

financial service supplier means any natural person or juridical person of a Party that seeks to provide or provides financial services and does not include a public entity;

public entity means:

- (a) a government, a central bank or a monetary authority of a Party or an entity owned or controlled by a Party, that is principally engaged in carrying out governmental functions or activities for governmental purposes, not including an entity principally engaged in supplying financial services on commercial terms; or
- (b) a private entity, performing functions normally performed by a central bank or monetary authority, when exercising those functions;

new financial service means a service of a financial nature, including services related to existing and new products or the manner in which a product is delivered, that is not supplied by any financial service supplier in the territory of a Party but which is supplied in the territory of the other Party.

ARTICLE 7.38

Prudential Carve-out³⁵

1. Each Party may adopt or maintain measures for prudential reasons³⁶, including:
 - (a) the protection of investors, depositors, policy-holders or persons to whom a fiduciary duty is owed by a financial service supplier; and
 - (b) ensuring the integrity and stability of the Party's financial system.
2. These measures shall not be more burdensome than necessary to achieve their aim, and where they do not conform to the other provisions of this Agreement, they shall not be used as a means of avoiding each Party's commitments or obligations under such provisions.

³⁵ Any measure which is applied to financial service suppliers established in a Party's territory that are not regulated and supervised by the financial supervisory authority of that Party would be deemed to be a prudential measure for the purposes of this Agreement. For greater certainty, any such measure shall be taken in line with this Article.

³⁶ It is understood that the term "prudential reasons" may include the maintenance of the safety, soundness, integrity or financial responsibility of individual financial service suppliers.

3. Nothing in this Agreement shall be construed to require a Party to disclose information relating to the affairs and accounts of individual consumers or any confidential or proprietary information in the possession of public entities.
4. Without prejudice to other means of prudential regulation of cross-border trade in financial services, a Party may require the registration of cross-border financial service suppliers of the other Party and of financial instruments.

ARTICLE 7.39

Transparency

The Parties recognise that transparent regulations and policies governing the activities of financial service suppliers are important in facilitating access of foreign financial service suppliers to, and their operations in, each other's markets. Each Party commits to promoting regulatory transparency in financial services.

ARTICLE 7.40

Self-Regulatory Organisations

When a Party requires membership or participation in, or access to, any self-regulatory organisations, securities or futures exchange or market, clearing agency or any other organisation or association, in order for financial service suppliers of the other Party to supply financial services on an equal basis to financial service suppliers of the Party, or when the Party provides directly or indirectly such entities with privileges or advantages in supplying financial services, the Party shall ensure observance of the obligations of Articles 7.6, 7.8, 7.12 and 7.14 by such self regulatory organisation.

ARTICLE 7.41

Payment and Clearing Systems

Under terms and conditions that accord national treatment, each Party shall grant to financial service suppliers of the other Party established in its territory access to payment and clearing systems operated by public entities and to official funding and refinancing facilities available in the normal course of ordinary business. This Article is not intended to confer access to a Party's lender of last resort facilities.

ARTICLE 7.42

New Financial Services

Each Party shall permit a financial service supplier of the other Party established in its territory to provide any new financial service that the Party would permit its own financial service suppliers to supply, in like circumstances, under its domestic law, provided that the introduction of the new financial service does not require a new law or modification of an existing law. A Party may determine the institutional and juridical form through which the service may be provided and may require authorisation for the provision of the service. Where such authorisation is required, a decision shall be made within a reasonable period of time and the authorisation may be refused only for prudential reasons.

ARTICLE 7.43

Data Processing

- (a) Each Party shall permit a financial service supplier of the other Party established in its territory to transfer information in electronic or other form, into and out of its territory, for data processing where such processing is required in the ordinary course of business of such financial service supplier; and
- (b) Each Party, reaffirming its commitment³⁷ to protect fundamental rights and freedom of individuals, shall adopt adequate safeguards to the protection of privacy, in particular with regard to the transfer of personal data.

ARTICLE 7.44

Specific Exceptions

1. Nothing in this Chapter shall be construed to prevent a Party, including its public entities, from exclusively conducting or providing in its territory activities or services forming part of a public retirement plan or statutory system of social security, except when those activities may be carried out, as provided by its domestic regulations, by financial service suppliers in competition with public entities or private institutions.

³⁷ For greater certainty, this commitment indicates the rights and freedoms set out in the *Universal Declaration of Human Rights*, the *Guidelines for the Regulation of Computerized Personal Data Files* (adopted by the United General Assembly Resolution 45/95 of 14 December 1990), and the *OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data* (adopted by the OECD Council on 23 September 1980).

2. Nothing in this Agreement shall apply to activities conducted by a central bank or monetary authority or by any other public entity in pursuit of monetary or exchange rate policies.

3. Nothing in this Chapter shall be construed to prevent a Party, including its public entities, from exclusively conducting or providing in its territory activities or services for the account or with the guarantee or using the financial resources of the Party, including its public entities except when those activities may be carried out, as provided by its domestic regulations, by financial service suppliers in competition with public entities or private institutions.

ARTICLE 7.45

Dispute Settlement

1. Chapter Fourteen (Dispute Settlement) shall apply to the settlement of disputes on financial services arising exclusively under this Chapter, except as otherwise provided in this Article.

2. The Trade Committee shall, no later than six months after the entry into force of this Agreement, establish a list of 15 individuals. Each Party shall propose five individuals respectively and the Parties shall also select five individuals who are not nationals of either Party and who shall act as chairperson to the arbitration panel. Those individuals shall have expertise or experience in financial services law or practice, which may include the regulation of financial service suppliers, and shall comply with Annex 14-C (Code of Conduct for Members of Arbitration Panels and Mediators).

3. When panellists are selected by lot pursuant to Article 14.5.3 (Establishment of the Arbitration Panel), Article 14.9.3 (The Reasonable Period of Time for Compliance), Article 14.10.3 (Review of any Measure Taken to Comply with the Arbitration Panel Ruling), Article 14.11.4 (Temporary Remedies in case of Non-compliance), Article 14.12.3 (Review of any Measure Taken to Comply after the Suspension of Obligations), Articles 6.1, 6.3 and 6.4 (Replacement) of Annex 14-B (Rules of Procedure for Arbitration), the selection shall be made in the list established pursuant to paragraph 2.

4. Notwithstanding Article 14.11, where a panel finds a measure to be inconsistent with this Agreement and the measure under dispute affects the financial services sector and any other sector, the complaining Party may suspend benefits in the financial services sector that have an effect equivalent to the effect of the measure in its financial services sector. Where such measure affects only a sector other than the financial services sector, the complaining Party may not suspend benefits in the financial services sector.

ARTICLE 7.46

Recognition

1. A Party may recognise prudential measures of the other Party in determining how the Party's measures relating to financial services shall be applied. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement between the Parties, or may be accorded autonomously.
2. A Party that is a party to an agreement or arrangement of the type referred to in paragraph 1 with a third party, whether at the time of entry into force of this Agreement or thereafter, shall afford adequate opportunity for the other Party to negotiate its accession to such agreements or arrangements, or to negotiate comparable ones with it, under circumstances in which there would be equivalent regulation, oversight, implementation of such regulation, and, if appropriate, procedures concerning the sharing of information between the parties to the agreement or arrangement. Where a Party accords recognition autonomously, it shall afford adequate opportunity for the other Party to demonstrate that such circumstances exist.

SUB-SECTION F

INTERNATIONAL MARITIME TRANSPORT SERVICES

ARTICLE 7.47

Scope, Definitions and Principles

1. This Sub-section sets out the principles regarding the liberalisation of international maritime transport services pursuant to Sections B through D.
2. For the purposes of this Sub-section:
 - (a) **international maritime transport** includes door to door transport operations, which is the carriage of goods using more than one mode of transport, involving a sea-leg, under a single transport document, and to this effect includes the right to directly contract with providers of other modes of transport;
 - (b) **maritime cargo handling services** means activities exercised by stevedore companies, including terminal operators, but not including the direct activities of dockers, when this workforce is organised independently of the stevedoring or terminal operator companies. The activities covered include the organisation and supervision of:

- (i) the loading/discharging of cargo to/from a ship;
 - (ii) the lashing/unlashing of cargo; and
 - (iii) the reception/delivery and safekeeping of cargoes before shipment or after discharge;
- (c) **customs clearance services** (alternatively "customs house brokers services") means activities consisting in carrying out on behalf of another party customs formalities concerning import, export or through transport of cargoes, whether this service is the main activity of the service provider or a usual complement of its main activity;
- (d) **container station and depot services** means activities consisting in storing containers in port areas with a view to their stuffing/stripping, repairing and making them available for shipments; and
- (e) **maritime agency services** means activities consisting in representing, within a given geographic area, as an agent the business interests of one or more shipping lines or shipping companies, for the following purposes:
- (i) marketing and sales of maritime transport and related services, from quotation to invoicing, and issuance of bills of lading on behalf of the companies, acquisition and resale of the necessary related services, preparation of documentation, and provision of business information; and
 - (ii) acting on behalf of the companies organising the call of the ship or taking over cargoes when required.

3. In view of the existing levels of liberalisation between the Parties in international maritime transport:

- (a) the Parties shall apply effectively the principle of unrestricted access to the international maritime markets and trades on a commercial and non-discriminatory basis; and
- (b) each Party shall grant to ships flying the flag of the other Party or operated by service suppliers of the other Party treatment no less favourable than that accorded to its own ships with regard to, inter alia, access to ports, use of infrastructure and auxiliary maritime services of the ports, as well as related fees and charges, customs facilities and the assignment of berths and facilities for loading and unloading.

4. In applying these principles, the Parties shall:

- (a) not introduce cargo-sharing arrangements in future bilateral agreements with third parties concerning maritime transport services, including dry and liquid bulk and liner trade, and not activate such cargo-sharing arrangements in case they exist in previous bilateral agreements; and
- (b) upon the entry into force of this Agreement, abolish and abstain from introducing any unilateral measures and administrative, technical and other obstacles which could restrict free and fair competition or constitute a disguised restriction or have discriminatory effects on the free supply of services in international maritime transport.

5. Each Party shall permit international maritime service suppliers of the other Party to have an establishment in its territory under conditions of establishment and operation no less favourable than those accorded to its own service suppliers or those of any third party, whichever are the better, in accordance with the conditions inscribed in its list of commitments.

6. Each Party shall make available to international maritime transport suppliers of the other Party on reasonable and non-discriminatory terms and conditions the following services at the port:

- (a) pilotage;
- (b) towing and tug assistance;
- (c) provisioning;
- (d) fuelling and watering;
- (e) garbage collecting and ballast waste disposal;
- (f) port captain's services;
- (g) navigation aids; and
- (h) shore-based operational services essential to ship operations, including communications, water and electrical supplies, emergency repair facilities, anchorage, berth and berthing services.

SECTION F
ELECTRONIC COMMERCE

ARTICLE 7.48

Objective and Principles

1. The Parties, recognising the economic growth and trade opportunities that electronic commerce provides, the importance of avoiding barriers to its use and development, and the applicability of the WTO Agreement to measures affecting electronic commerce, agree to promote the development of electronic commerce between them, in particular by cooperating on the issues raised by electronic commerce under this Chapter.
2. The Parties agree that the development of electronic commerce must be fully compatible with the international standards of data protection, in order to ensure the confidence of users of electronic commerce.
3. The Parties agree not to impose customs duties on deliveries by electronic means³⁸.

ARTICLE 7.49

Cooperation on Regulatory Issues

1. The Parties shall maintain a dialogue on regulatory issues raised by electronic commerce, which will, inter alia, address the following issues:
 - (a) the recognition of certificates of electronic signatures issued to the public and the facilitation of cross-border certification services;
 - (b) the liability of intermediary service providers with respect to the transmission or storage of information;
 - (c) the treatment of unsolicited electronic commercial communications;
 - (d) the protection of consumers in the ambit of electronic commerce;
 - (e) the development of paperless trading; and
 - (f) any other issues relevant for the development of electronic commerce.

³⁸ The inclusion of the provisions on electronic commerce in this Chapter is made without prejudice to Korea's position on whether deliveries by electronic means should be categorised as trade in services or goods.

2. The dialogue can include exchange of information on the Parties' respective legislation on these issues as well as on the implementation of such legislation.

SECTION G

EXCEPTIONS

ARTICLE 7.50

Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on establishment or cross-border supply of services, nothing in this Chapter shall be construed to prevent the adoption or enforcement by either Party of measures:

- (a) necessary to protect public security or public morals or to maintain public order³⁹;
- (b) necessary to protect human, animal or plant life or health;
- (c) relating to the conservation of exhaustible natural resources if such measures are applied in conjunction with restrictions on domestic investors or on the domestic supply or consumption of services;
- (d) necessary for the protection of national treasures of artistic, historic or archaeological value;
- (e) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Chapter including those relating to:
 - (i) the prevention of deceptive and fraudulent practices or to deal with the effects of a default on contracts;
 - (ii) the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts;
 - (iii) safety;

³⁹ The public order exception may be invoked only where a genuine and sufficiently serious threat is posed to one of the fundamental interests of society.

- (f) inconsistent with Articles 7.6 and 7.12, provided that the difference in treatment is aimed at ensuring the equitable or effective⁴⁰ imposition or collection of direct taxes in respect of economic activities, investors or service suppliers of the other Party.

⁴⁰ Measures that are aimed at ensuring the equitable or effective imposition or collection of direct taxes include measures taken by a Party under its taxation system which:

- (a) apply to non-resident investors and service suppliers in recognition of the fact that the tax obligation of non-residents is determined with respect to taxable items sourced or located in the Party's territory;
- (b) apply to non-residents in order to ensure the imposition or collection of taxes in the Party's territory;
- (c) apply to non-residents or residents in order to prevent the avoidance or evasion of taxes, including compliance measures;
- (d) apply to consumers of services supplied in or from the territory of the other Party in order to ensure the imposition or collection of taxes on such consumers derived from sources in the Party's territory;
- (e) distinguish investors and service suppliers subject to tax on worldwide taxable items from other investors and service suppliers, in recognition of the difference in the nature of the tax base between them; or
- (f) determine, allocate or apportion income, profit, gain, loss, deduction or credit of resident persons or branches, or between related persons or branches of the same person, in order to safeguard the Party's tax base.

Tax terms or concepts in this paragraph and this footnote are determined according to tax definitions and concepts, or equivalent or similar definitions and concepts, under the domestic law of the Party taking the measure.

ANNEX 7-A

LISTS OF COMMITMENTS

United Kingdom

1. List of commitments in conformity with Article 7.7 (Cross-Border Supply of Services)
2. List of commitments in conformity with Article 7.13 (Establishment)
3. List of reservations in conformity with Articles 7.18 (Key Personnel and Graduate Trainees) and 7.19 (Business Service Sellers)

Korea

4. Schedule of Specific Commitments in Conformity with Articles 7.7, 7.13, 7.18 and 7.19
 - A. Schedule of Specific Commitments in Service Sectors
 - B. Schedule of Specific Commitments in Establishment

ANNEX 7-A-1

UNITED KINGDOM

LIST OF COMMITMENTS IN CONFORMITY WITH ARTICLE 7.7 (CROSS-BORDER SUPPLY OF SERVICES)

1. The list of commitments below indicates the service sectors liberalised pursuant to Article 7.7 and, by means of reservations, the market access and national treatment limitations that apply to services and service suppliers of Korea in those sectors. The list below is composed of the following elements:

- (a) the first column indicating the sector or sub-sector in which the commitment is undertaken by the United Kingdom, and the scope of liberalisation to which the reservations apply; and
- (b) the second column describing the applicable reservations.

Cross-border supply of services in sectors or sub-sectors covered by this Agreement and not mentioned in the list below is not committed.

2. In identifying individual sectors and sub-sectors:

- (a) **CPC** means the Central Products Classification as referred to in footnote 27 to Article 7.25; and
- (b) **CPC ver. 1.0** means the Central Products Classification as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No 77, *CPC ver 1.0*, 1998.

3. The list below does not include measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures when they do not constitute a market access or a national treatment limitation within the meaning of Articles 7.5 and 7.6. Those measures (e.g. need to obtain a licence, universal service obligations, need to obtain recognition of qualifications in regulated sectors and need to pass specific examinations, including language examinations), even if not listed, apply in any case to services and service suppliers of Korea.

4. The list below is without prejudice to the feasibility of the cross-border supply of service provided in Article 7.4.3(a)(i) in certain service sectors and sub-sectors and without prejudice to the existence of public monopolies and exclusive rights as described in the list of commitments on establishment.

5. In accordance with Article 7.1.3, the list below does not include measures concerning subsidies granted by a Party.

6. The rights and obligations arising from the list below shall have no self-executing effect and thus confer no rights directly to natural or juridical persons.

Sector or sub-sector	Description of reservations
I. BUSINESS SERVICES	
A. Professional Services	
a) Legal Services (CPC 861) ¹ excluding legal advisory and legal documentations and certification services provided by legal professionals entrusted with public functions, such as notaries.	For Modes 1 and 2 None.

¹ It includes legal advisory services, legal representational services, legal arbitration and conciliation/mediation services, and legal documentation and certification services. Provision of legal services is only authorised in respect of public international law, and the law of any jurisdiction where the service supplier or its personnel is qualified to practise as a lawyer; and, like the provision of other services, is subject to licensing requirements and procedures applicable in the relevant jurisdiction of the United Kingdom. For lawyers providing legal services in respect of public international law and foreign law, these licensing requirements and procedures may take, *inter alia*, the form of compliance with local codes of ethics, use of home title (unless recognition with a United Kingdom title has been obtained), insurance requirements, simple registration with the United Kingdom regulators or a simplified admission to practise in the United Kingdom through an aptitude test and a legal or professional domicile in the United Kingdom. Legal services in respect of the law of the United Kingdom or the relevant jurisdiction shall in principle be carried out by or through a fully qualified lawyer admitted to practise in that jurisdiction and acting personally. Full admission to practise in the relevant jurisdiction of the United Kingdom might therefore be necessary for representation before courts and other competent authorities in the United Kingdom since it involves practise of national procedural law.

Sector or sub-sector	Description of reservations
b) 1. Accounting and Bookkeeping Services (CPC 86212 other than auditing services, CPC 86213, CPC 86219 and CPC 86220)	For Modes 1 and 2 None.
b) 2. Auditing services (CPC 86211 and 86212 other than accounting services)	For Mode 1 Unbound.
c) Taxation Advisory Services (CPC 863) ²	For Mode 2 None. For Modes 1 and 2
d) Architectural services and e) Urban planning and landscape architectural services (CPC 8671 and CPC 8674)	For Modes 1 and 2 None.

² Does not include legal advisory and legal representational services on tax matters, which are to be found under 1.A.a) Legal Services.

Sector or sub-sector	Description of reservations
f) Engineering services; and g) Integrated engineering services (CPC 8672 and CPC 8673)	For Modes 1 and 2 None.
h) Medical (including Psychologists), and Dental services (CPC 9312 and part of CPC 85201)	For Mode 1 Unbound. For Mode 2 None.
i) Veterinary services (CPC 932)	For Mode 1 Unbound except for veterinary laboratory and technical services supplied to veterinary surgeons, general advice, guidance and information (e.g. nutritional, behaviour and pet care) For Mode 2 None.
j) I. Midwives services (part of CPC 93191)	For Mode 1 Unbound.

Sector or sub-sector	Description of reservations
j) 2. Services provided by Nurses, Physiotherapists and Paramedical Personnel (part of CPC 93191)	For Mode 2 None.
k) Retail sales of pharmaceuticals and retail sales of medical and orthopaedical goods (CPC 63211) and other services supplied by pharmacists ³	For Mode 1 Unbound. For Mode 2 None.
<u>B. Computer and Related Services</u> (CPC 84)	For Modes 1 and 2 None.
<u>C. Research and Development Services</u>	
R&D services on Social Sciences and Humanities (CPC 852 excluding psychologists services) ⁴	For Modes 1 and 2 None.
R&D services on natural sciences (CPC 851) Interdisciplinary R&D services (CPC 853)	For Modes 1 and 2 For publicly funded R&D services, exclusive rights and/or authorisations can only be granted to nationals of the United Kingdom and to juridical persons of the United Kingdom having their headquarters in the United Kingdom.
<u>D. Real Estate Services</u> ⁵	
a) Involving Own or Leased Property (CPC 821)	For Modes 1 and 2 None.

³ The supply of pharmaceuticals to the general public, like the provision of other services, is subject to licensing and qualification requirements and procedures applicable in the United Kingdom.

⁴ Part of CPC 85201, which is to be found under I.A.h) Medical and Dental services.

⁵ The service involved relates to the profession of real estate agent and does not affect any rights and/or restrictions on natural and juridical persons purchasing real estate.

Sector or sub-sector	Description of reservations
b) On a Fee or Contract Basis (CPC 822)	For Modes 1 and 2 None.
<u>E. Rental/Leasing Services without Operators</u>	
a) Relating to Ships (CPC 83103)	For Modes 1 and 2 None.
b) Relating to Aircraft (CPC 83104)	For Mode 1 None. For Mode 2 Aircraft used by United Kingdom air carriers have to be registered in the United Kingdom. Waivers can be granted for short term lease contracts or under exceptional circumstances.
c) Relating to Other Transport Equipment (CPC 83101, CPC 83102 and CPC 83105)	For Modes 1 and 2 None.

Sector or sub-sector	Description of reservations
d) Relating to Other Machinery and Equipment (CPC 83106, CPC 83107, CPC 83108 and CPC 83109)	For Modes 1 and 2 None.
f) Telecommunications equipment rental (CPC 7541)	For Modes 1 and 2 None.
<u>F. Other Business Services</u>	
a) Advertising (CPC 871)	For Modes 1 and 2 None.
b) Market Research and Opinion Polling (CPC 864)	For Modes 1 and 2 None.
c) Management Consulting Services (CPC 865)	For Modes 1 and 2 None.
d) Services Related to Management Consulting (CPC 866)	For Modes 1 and 2 None.
e) Technical Testing and Analysis Services (CPC 8676)	For Modes 1 and 2 None.

Sector or sub-sector	Description of reservations
f) Advisory and Consulting services incidental to Agriculture, Hunting and Forestry (part of CPC 881)	For Modes 1 and 2 None.
g) Advisory and Consulting Services Relating to Fishing (part of CPC 882)	For Modes 1 and 2 None.
h) Advisory and Consulting Services incidental to Manufacturing (part of CPC 884 and part of CPC 885)	For Modes 1 and 2 None.
i) Placement and Supply Services of Personnel i) 1. Executive search (CPC 87201)	For Modes 1 and 2 None.
i) 2. Placement Services (CPC 87202)	For Mode 1 Unbound. For Mode 2 None.

Sector or sub-sector	Description of reservations
i) 3. Supply Services of office support personnel (CPC 87203)	For Modes 1 and 2 None.
j) 1. Security Services (CPC 87302, CPC 87303, CPC 87304 and CPC 87305)	For Modes 1 and 2 None.
k) Related Scientific and Technical Consulting Services (CPC 8675)	For Mode 1 Unbound for exploration services. For Mode 2 None.
l) 1. Maintenance and repair of vessels (part of CPC 8868)	For Mode 1 For maritime transport vessels: Unbound. For internal waterways transport vessels: Unbound. For Mode 2 None.

Sector or sub-sector	Description of reservations
I) 2. Maintenance and Repair of Rail Transport Equipment (part of CPC 8868)	For Mode 1 Unbound. For Mode 2 None.
I) 3. Maintenance and Repair of motor vehicles, motorcycles, snow mobiles and road transport Equipment (CPC 6112, CPC 6122, part of CPC 8867 and part of CPC 8868)	For Modes 1 and 2 None.
I) 4. Maintenance and Repair of Aircraft and parts thereof (part of CPC 8868)	For Mode 1 Unbound. For Mode 2 None.
I) 5. Maintenance and Repair services of metal products, of (non-office) machinery, of (non-transport and non-office) equipment and of personal and household goods ⁶ (CPC 633, CPC 7545, CPC 8861, CPC 8862, CPC 8864, CPC 8865 and CPC 8866)	For Modes 1 and 2 None.
m) Building-Cleaning Services (CPC 874)	For Mode 1 Unbound. For Mode 2 None.
n) Photographic Services (CPC 875)	For Modes 1 and 2 None.

⁶ Maintenance and repair services of transport equipment (CPC 6112, 6122, 8867 and CPC 8868) are to be found under I. F. I) 1. to I. F. I) 4. Maintenance and repair services of office machinery and equipment including computers (CPC 845) are to be found under I.B. Computer and Related Services.

Sector or sub-sector	Description of reservations
o) Packaging Services (CPC 876)	For Modes 1 and 2 None.
p) Printing and Publishing (CPC 88442)	For Modes 1 and 2 None.
q) Convention Services (part of CPC 87909)	For Modes 1 and 2 None.
r) 1. Translation and Interpretation Services (CPC 87905)	For Modes 1 and 2 None
r) 2. Interior design and other specialty design services (CPC 87907)	For Modes 1 and 2 None
r) 3. Duplicating services (CPC 87904) ⁷	For Mode 1 Unbound. For Mode 2 None.

⁷ Does not include printing services, which fall under CPC 88442 and are to be found under 1.F. p).

Sector or sub-sector	Description of reservations
<p>r) 4. Telecommunications consulting services (CPC 7544)</p>	<p>For Modes 1 and 2 None.</p>
<p>r) 5. Telephone answering services (CPC 87903)</p>	<p>For Modes 1 and 2 None.</p>
<p>2. COMMUNICATION SERVICES</p> <p><u>A. Postal and Courier Services</u></p> <p>(Services relating to the handling⁸ of postal items⁹ according to the following list of sub-sectors, whether for domestic or foreign destinations: (i) Handling of addressed written communications on any kind of physical medium¹⁰, including Hybrid mail service and Direct mail, (ii) Handling of addressed parcels and packages¹¹, (iii) Handling of addressed press products¹², (iv) Handling of items referred to in (i) to (iii) above as registered or insured mail,</p> <p>(v) Express delivery services¹³ for items referred to in (i) to (iii) above, (vi) Handling of non-addressed items, and (vii) Document exchange¹⁴</p> <p>Sub-sectors (i), (iv) and (v) are however excluded when they fall into the scope of the services which may be reserved for items of correspondence the price of which is less than five times the public basic tariff, provided that they weigh less than 350 grams¹⁵, and for the registered mail service used in the course of judicial or administrative procedures.)</p> <p>(part of CPC 751, part of CPC 71235¹⁶ and part of CPC 73210¹⁷)</p>	<p>For Modes 1 and 2 None.</p>

⁸ 'Handling' refers to activities such as clearance, sorting, transport and delivery.

⁹ 'Postal item' refers to items handled by any type of commercial operator, whether public or private.

¹⁰ E.g. letters, postcards.

¹¹ Books and catalogues are included hereunder.

¹² Journals, newspapers, and periodicals.

¹³ Express delivery services may include, in addition to greater speed and reliability, value added elements such as collection from point of origin, personal delivery to addressee, tracing and tracking, possibility of changing the destination and addressee in transit, and confirmation of receipt.

¹⁴ Provision of means, including the supply of ad hoc premises as well as transportation by a third party, allowing self-delivery by mutual exchange of postal items between users subscribing to this service. 'Postal item' refers to items handled by any type of commercial operator, whether public or private.

¹⁵ 'Items of correspondence' means a communication in written form on any kind of physical medium to be conveyed and delivered at the address indicated by the sender on the item itself or on its wrapping. Books, catalogues, newspapers and periodicals are not regarded as items of correspondence.

¹⁶ Transportation of postal and courier items on own account by any land mode.

¹⁷ Transportation of mail on own account by air.

Sector or sub-sector	Description of reservations
<p><u>B. Telecommunications Services</u></p> <p>These services do not cover the economic activity consisting of the provision of content which requires telecommunications services for its transport.</p>	
<p>a) All services consisting of the transmission and reception of signals by any electromagnetic means¹⁸, excluding broadcasting¹⁹</p>	<p>For Modes 1 and 2</p> <p>None.</p>
<p>b) Satellite broadcast transmission services²⁰</p>	<p>For Modes 1 and 2</p> <p>None except that service providers in this sector may be subject to obligations to safeguard general interest objectives related to the conveyance of content through their network in line with the United Kingdom regulatory framework for electronic communications.</p>
<p>3. CONSTRUCTION AND RELATED ENGINEERING SERVICES (CPC 511, CPC 512, CPC 513, CPC 514, CPC 515, CPC 516, CPC 517 and CPC 518)</p>	<p>For Modes 1 and 2</p> <p>None.</p>
<p>4. DISTRIBUTION SERVICES (excluding distribution of arms, munitions, explosives and other war material)</p>	<p>For Modes 1 and 2</p> <p>Unbound for distribution of chemical products, and of precious metals (and stones).</p>
<p><u>A. Commission Agents' Services</u></p> <p>a) Commission Agents' Services of motor vehicles, motor-cycles and snowmobiles and parts and accessories thereof (part of CPC 61111, part of CPC 6113 and part of CPC 6121)</p> <p>b) Other Commission Agents' Services Services (CPC 621)</p>	<p>For Mode 1</p>

¹⁸ These services do not include on-line information and/or data processing (including transaction processing) (part of CPC 843) which is to be found under 1.B. Computer and Related services.

¹⁹ Broadcasting is defined as the uninterrupted chain of transmission required for the distribution of TV and radio programme signals to the general public, but does not cover contribution links between operators.

²⁰ These services cover the telecommunications services consisting of the transmission and reception of radio and television broadcast by satellite (the uninterrupted chain of transmission via satellite required for the distribution of TV and radio programme signals to the general public). This covers selling use of satellite services, but does not include the selling of television programme packages to households. These services do not include domestic links (the transmission of those signals from the domestic territory to the domestic territory by satellite).

Sector or sub-sector	Description of reservations
<p><u>B. Wholesale Trade Services</u></p> <p>a) Wholesale Trade Services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof (part of CPC 61111, part of CPC 6113 and part of CPC 6121)</p> <p>b) Wholesale Trade Services of telecommunication terminal equipment (part of CPC 7542)</p> <p>c) Other wholesale trade services (CPC 622 excluding wholesale trade services of energy products²¹)</p> <p><u>C. Retailing Services</u>²²</p> <p>Retailing Services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof (CPC 61112, part of CPC 6113 and part of CPC 6121)</p> <p>Retailing Services of telecommunication terminal equipment (part of CPC 7542)</p> <p>Food retailing services (CPC 631)</p> <p>Retailing services of other (non-energy) goods, except retail sales of pharmaceutical, medical and orthopaedic goods²³ (CPC 632, excluding CPC 63211 and 63297)</p> <p><u>D. Franchising</u> (CPC 8929)</p>	<p>For retailing services, unbound except for mail order.</p>

²¹ These services, which include CPC 62271, are to be found in ENERGY SERVICES under 14.D.

²² Does not include maintenance and repair services, which are to be found in BUSINESS SERVICES under 1.B. and 1.F.I). Does not include retailing services of energy products which are to be found in ENERGY SERVICES under 14.E. and 14.F.

²³ Retail sales of pharmaceutical, medical and orthopaedic goods are to be found under PROFESSIONAL SERVICES in 1.A.k).

Sector or sub-sector	Description of reservations
5. EDUCATIONAL SERVICES (only privately-funded services)	
<u>A. Primary Education Services</u> (CPC 921)	For Modes 1 and 2 None.
<u>B. Secondary Education Services</u> (CPC 922)	For Modes 1 and 2 None.
<u>C. Higher Education Services</u> (CPC 923)	For Modes 1 and 2 None.
<u>D. Adult Education Services</u> (CPC 924)	For Modes 1 and 2 None.

Sector or sub-sector	Description of reservations
<p>6. ENVIRONMENTAL SERVICES</p> <p><u>A. Waste Water Services</u> (CPC 9401)²⁴</p> <p><u>B. Solid/hazardous waste management, excluding cross-border transport of hazardous waste</u></p> <p>a) <u>Refuse Disposal Services</u> (CPC 9402)</p> <p>b) <u>Sanitation and Similar Services</u> (CPC 9403)</p> <p><u>C. Protection of ambient air and climate</u> (CPC 9404)²⁵</p> <p><u>D. Remediation and clean-up of soil and waters</u></p> <p>a) <u>Treatment, remediation of contaminated/polluted soil and water</u> (part of CPC 94060)²⁶</p> <p><u>E. Noise and vibration abatement</u> (CPC 9405)</p> <p><u>F. Protection of biodiversity and landscape</u></p> <p>a) <u>Nature and landscape protection services</u> (part of CPC 9406)</p> <p><u>G. Other environmental and ancillary services</u> (CPC 94090)</p>	<p>For Mode 1</p> <p>Unbound except for consulting services.</p> <p>For Mode 2</p> <p>None.</p>

²⁴ Corresponds to sewage services.

²⁵ Corresponds to cleaning services of exhaust gases.

²⁶ Corresponds to parts of nature and landscape protection services.

<p>7. FINANCIAL SERVICES</p>	<p><u>A. Insurance and insurance-related services</u></p> <p>For Modes 1 and 2 Unbound for direct insurance services except for insurance of risks relating to:</p> <p>(a) Maritime shipping, commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and</p> <p>(b) goods in international transit.</p> <p>For Mode 1 Unbound for direct insurance intermediation services except for insurance of risks relating to:</p> <p>(a) Maritime shipping, commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and</p> <p>(b) goods in international transit.</p> <p>For Mode 2 Unbound for intermediation</p>
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Sector or sub-sector	Description of reservations
<p><u>B. Banking and other financial services (excluding insurance)</u> All sub-sectors indicated below</p>	<p>For Mode 1</p> <p>Unbound except for provision of financial information and financial data processing and for advisory and other auxiliary services excluding intermediation.</p> <p>For Mode 2</p> <p>None.</p>

Sector or sub-sector	Description of reservations
8. HEALTH SERVICES AND SOCIAL SERVICES (only privately-funded services)	
<u>A. Hospital Services</u> (CPC 9311)	For Mode 1 Unbound.
<u>C. Residential health facilities other than hospital services</u> (CPC 93193)	For Mode 2 None.
<u>D. Social Services</u> (CPC 933)	For Mode 1 Unbound. For Mode 2 None.

Sector or sub-sector	Description of reservations
9. TOURISM AND TRAVEL RELATED SERVICES	
<u>A. Hotel, Restaurants and Catering</u> (CPC 641, CPC 642 and CPC 643) excluding catering in air transport services²⁷	For Mode 1 Unbound except for catering. For Mode 2 None.
<u>B. Travel Agencies and Tour Operators Services</u> (including tour managers) (CPC 7471)	For Modes 1 and 2 None.
<u>C. Tourist Guides Services</u> (CPC 7472)	For Modes 1 and 2 None.
10. RECREATIONAL, CULTURAL AND SPORTING SERVICES (other than audio-visual services)	
<u>A. Entertainment Services (including Theatre, Live Bands, Circus and Discotheque Services)</u> (CPC 9619)	For Mode 1 Unbound. For Mode 2 None.

Sector or sub-sector	Description of reservations
<u>B. News and Press Agencies Services</u> (CPC 962)	For Modes 1 and 2 None.
<u>D. Sporting services</u> (CPC 9641)	For Modes 1 and 2 None.
<u>E. Recreation park and beach Services</u> (CPC 96491)	For Modes 1 and 2 None.
11. TRANSPORT SERVICES	
<u>A. Maritime Transport</u>	For Modes 1 and 2 None.
a) International passenger transportation (CPC 7211 less national cabotage transport ²⁸). b) International freight transportation (CPC 7212 less national cabotage transport ²⁹)	

²⁸ Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, this schedule does not include national cabotage transport, which is assumed to cover (a) transportation of passengers or goods between a port or point located in the United Kingdom and another port or point located in the United Kingdom, including on its continental shelf as provided in the UN Convention on the Law of the Sea, and (b) traffic originating and terminating in the same port or point located in the United Kingdom.

²⁹ Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, this schedule does not include national cabotage transport, which is assumed to cover (a) transportation of passengers or goods between a port or point located in the United Kingdom and another port or point located in the United Kingdom, including on its continental shelf as provided in the UN Convention on the Law of the Sea, and (b) traffic originating and terminating in the same port or point located in the United Kingdom.

Sector or sub-sector	Description of reservations
<p><u>B. Internal Waterways Transport</u></p> <p>a) Passenger transportation (CPC 7221 less national cabotage transport³⁰)</p> <p>b) Freight transportation (CPC 7222 less national cabotage transport³¹)</p>	<p>For Modes 1 and 2</p> <p>Measures based upon existing or future agreements on access to inland waterways reserve some traffic rights to operators based in the countries concerned and meeting nationality criteria regarding ownership.</p>
<p><u>C. Rail Transport</u></p> <p>a) Passenger transportation (CPC 7111)</p> <p>b) Freight transportation (CPC 7112)</p>	<p>For Mode 1</p> <p>Unbound.</p> <p>For Mode 2</p> <p>None.</p>
<p><u>D. Road Transport</u></p> <p>a) Passenger Transportation (CPC 7121 and CPC 7122)</p> <p>b) Freight Transportation (CPC 7123, excluding transportation of postal and courier items on own account³²)</p>	<p>For Mode 1</p> <p>Unbound.</p> <p>For Mode 2</p> <p>None.</p>

³⁰ Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, this schedule does not include national cabotage transport, which is assumed to cover (a) transportation of passengers or goods between a port or point located in the United Kingdom and another port or point located in the United Kingdom, including on its continental shelf as provided in the UN Convention on the Law of the Sea, and (b) traffic originating and terminating in the same port or point located in the United Kingdom.

³¹ Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, this schedule does not include national cabotage transport, which is assumed to cover (a) transportation of passengers or goods between a port or point located in the United Kingdom and another port or point located in the United Kingdom, including on its continental shelf as provided in the UN Convention on the Law of the Sea, and (b) traffic originating and terminating in the same port or point located in the United Kingdom.

³² Part of CPC 71235, which is to be found in COMMUNICATION SERVICES under 2.A. Postal and Courier Services.

Sector or sub-sector	Description of reservations
12. SERVICES AUXILIARY TO TRANSPORT ³³	
<p><u>A. Services auxiliary to Maritime Transport</u></p> <ul style="list-style-type: none"> a) Maritime Cargo Handling Services b) Storage and warehousing Services (part of CPC 742) c) Customs Clearance Services d) Container Station and Depot Services e) Maritime Agency Services f) Maritime freight forwarding Services g) Rental of Vessels with Crew (CPC 7213) h) Pushing and towing services (CPC 7214) i) Supporting services for maritime transport (part of CPC 745) j) Other supporting and auxiliary services (part of CPC 749) 	<p>For Mode 1: Unbound * for maritime cargo handling services and pushing and towing services.</p> <p>For Mode 2: None.</p>

³³ Does not include maintenance and repair services of transport equipment, which are to be found in BUSINESS SERVICES under I.F.I) 1 to I.F.I) 4.
*Unbound due to lack of technical feasibility.

Sector or sub-sector	Description of reservations
<p><u>B. Services auxiliary to internal waterways transport</u></p> <p>a) Cargo-handling services (part of CPC 741)</p> <p>b) Storage and warehouseservices (part of CPC 742)</p> <p>c) Freight transport agency services (part of CPC 748)</p> <p>d) Rental of Vessels with Crew (CPC 7223)</p> <p>e) Pushing and towing services (CPC 7224)</p> <p>f) Supporting services for internal waterways transport (part of CPC 745)</p> <p>g) Other supporting and auxiliary services (part of CPC 749)</p>	<p>For Modes 1 and 2</p> <p>Measures based upon existing or future agreements on access to inland waterways reserve some traffic rights to operators based in the countries concerned and meeting nationality criteria regarding ownership.</p> <p>Unbound for pushing and towing services.</p>
<p><u>C. Services auxiliary to rail transport</u></p> <p>a) Cargo-handling services (part of CPC 741)</p> <p>b) Storage and warehouse services (part of CPC 742)</p> <p>c) Freight transport agency services (part of CPC 748)</p>	<p>For Mode 1</p> <p>Unbound for pushing and towing services.</p> <p>For Mode 2</p> <p>None.</p>

Sector or sub-sector	Description of reservations
<p>d) Pushing and towing services (CPC 7113)</p> <p>e) Supporting services for rail transport services (CPC 743)</p> <p>f) Other supporting and auxiliary services (part of CPC 749)</p>	
<p><u>D. Services auxiliary to road transport</u></p> <p>a) Cargo-handling services (part of CPC 741)</p> <p>b) Storage and warehouse services (part of CPC 742)</p> <p>c) Freight transport agency services (part of CPC 748)</p> <p>d) Rental of Commercial Road Vehicles with Operators (CPC 7124)</p> <p>e) Supporting services for road transport (CPC 744)</p> <p>f) Other supporting and auxiliary services (part of CPC 749)</p>	<p>For Modes 1 and 2</p> <p>None.</p>
<p><u>E. Services auxiliary to air transport services</u></p> <p>a) Ground-handling services (including catering services)</p>	<p>For Mode 1</p> <p>Unbound except for catering.</p> <p>For Mode 2</p> <p>None.</p>

Sector or sub-sector	Description of reservations
<p>b) Storage and warehouse services (part of CPC 742)</p>	<p>For Modes 1 and 2 None.</p>
<p>c) Freight transport agency services (part of CPC 748)</p>	<p>For Modes 1 and 2 None.</p>
<p>d) Rental of aircraft with crew (CPC 734)</p>	<p>For Modes 1 and 2 Aircraft used by United Kingdom air carriers have to be registered in the United Kingdom. To be registered, aircraft may be required to be owned either by natural persons meeting specific nationality criteria or by juridical persons meeting specific criteria regarding ownership of capital and control. By exception, aircraft registered in Korea may be leased by a Korean air carrier to an air carrier of the United Kingdom in specific circumstances for the air carrier of the United Kingdom's exceptional needs, seasonal capacity needs, or needs to overcome operational difficulties, which cannot reasonably be satisfied through leasing aircraft registered within the United Kingdom, and subject to obtaining the approval of a limited duration from the United Kingdom.</p>
<p>e) Sales and Marketing</p> <p>f) Computer Reservations System</p>	<p>For Modes 1 and 2 Where air carriers of the United Kingdom are not accorded equivalent treatment³⁴ to that provided in the United Kingdom by CRS services suppliers in Korea, or where CRS services suppliers of the United Kingdom are not accorded equivalent treatment to that provided in the United Kingdom by air carriers in Korea, measures may be taken to accord equivalent treatment, respectively, to the air carriers of Korea by the CRS services suppliers in the United Kingdom, or to the CRS services suppliers of Korea by the air carriers in the United Kingdom.</p>
<p>F. Services auxiliary to pipeline transport of goods other than</p>	<p>For Mode 1: Unbound. For Mode 2 None.</p>

³⁴ "Equivalent treatment" implies non-discriminatory treatment of air carriers of the United Kingdom and CRS services suppliers of the United Kingdom.

fuel³⁵

a) **Storage and warehouse services of goods other than fuel transported by pipelines**

(part of CPC 742)

³⁵ Services auxiliary to pipeline transportation of fuels are to be found in ENERGY SERVICES under 14.C.

Sector or sub-sector	Description of reservations
13. OTHER TRANSPORT SERVICES	
Provision of Combined Transport Service	For Modes 1 and 2 None, without prejudice to the limitations inscribed in this List of Commitments affecting any given mode of transport.
14. ENERGY SERVICES	
<u>A. Services Incidental to Mining</u> (CPC 883) ³⁶	For Modes 1 and 2 None.
<u>C. Storage and warehouse services of fuels transported through pipelines</u> (part of CPC 742)	For Mode 1: Unbound. For Mode 2 None.
<u>D. Wholesale trade services of solid, liquid and gaseous fuels and related products</u> (CPC 62271) and wholesale trade services of electricity, steam and hot water	For Mode 1: Unbound for wholesale trade services of electricity, steam and hot water. For Mode 2 None.
<u>E. Retailing Services of motor fuel</u> (CPC 613)	For Mode 1: Unbound. For Mode 2 None.

³⁶ Includes the following services rendered on a fee or contract basis: advisory and consulting services relating to mining, on-land rig installation, drilling, drilling bits services, casing and tubular services, mud engineering and supply, solids control, fishing and downhole special operations, wellsite geology and drilling control, core taking, well testing, wireline services, supply and operation of completion fluids (brines) supply and installation of completion devices, cementing (pressure pumping), stimulation services (fracturing, acidising and pressure pumping), workover and well repair services and plugging and abandoning of wells. Does not include direct access to or exploitation of natural resources. Does not include site preparation work for mining of resources other than oil and gas (CPC 5115), which is to be found under 3. CONSTRUCTION AND RELATED ENGINEERING SERVICES.

Sector or sub-sector	Description of reservations
<p><u>F. Retail sales of fuel oil, bottled gas, coal and wood</u> (CPC 63297)</p> <p>and retailing services of electricity, (non-bottled) gas, steam and hot water</p>	<p>For Mode 1: Unbound for retailing services of electricity, (non-bottled) gas, steam and hot water.</p> <p>For Retail sales of fuel oil, bottled gas, coal and wood, unbound except for mail order (none for mail order).</p> <p>For Mode 2 None.</p>
<p><u>G. Services incidental to energy distribution</u> (CPC 887)</p>	<p>For Mode 1: Unbound except for consultancy services (none for consultancy services).</p> <p>For Mode 2 None.</p>
<p>15. OTHER SERVICES NOT INCLUDED ELSEWHERE</p>	
<p>a) Washing, Cleaning and Dyeing services (CPC 9701)</p>	<p>For Mode 1: Unbound.</p> <p>For Mode 2 None.</p>
<p>b) Hairdressing services (CPC 97021)</p>	<p>For Mode 1: Unbound.</p> <p>For Mode 2 None.</p>
<p>c) Cosmetic treatment, manicuring and pedicuring services (CPC 97022)</p>	<p>For Mode 1: Unbound.</p> <p>For Mode 2 None.</p>

Sector or sub-sector	Description of reservations
d) Other beauty treatment services n.e.c (CPC 97029)	For Mode 1: Unbound. For Mode 2 None.
e) Spa services and non therapeutical massages, to the extent that they are provided as relaxation physical well-being services and not for medical or rehabilitation purposes³⁷ (CPC ver. 1.0 97230)	For Mode 1: Unbound. For Mode 2 None.
g) Telecommunications connection services (CPC 7543)	For Modes 1 and 2 None.

³⁷ Therapeutical massages and thermal cure services are to be found under 1.A.h) Medical and Dental services, 1.A.j) 2. Services provided by Nurses, Physiotherapists and Paramedical Personnel, and Health Services (8.A and 8.C).

ANNEX 7-A-2

UNITED KINGDOM

LIST OF COMMITMENTS IN CONFORMITY WITH ARTICLE 7.13

(ESTABLISHMENT)

1. The list of commitments below indicates the economic activities liberalised pursuant to Article 7.13 and, by means of reservations, the market access and national treatment limitations that apply to establishments and investors of Korea in those activities. The list below is composed of the following elements:

(a) the first column indicating the sector or sub-sector in which the commitment is undertaken by the United Kingdom, and the scope of liberalisation to which the reservations apply; and

(b) the second column describing the applicable reservations.

Establishment in sectors or sub-sectors covered by this Agreement and not mentioned in the list below is not committed.

2. In identifying individual sectors and sub-sectors:

(a) **ISIC rev 3.1** means the International Standard Industrial Classification of all Economic Activities as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 4, ISIC REV 3.1, 2002;

(b) **CPC** means the Central Products Classification as referred to in footnote 27 to Article 7.25; and

(c) **CPC ver. 1.0** means the Central Products Classification as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 77, CPC ver 1.0, 1998.

3. The list below does not include measures relating to qualification requirements and procedures, technical standards and licensing requirements and procedures when they do not constitute a market access or a national treatment limitation within the meaning of Articles 7.11 and 7.12. Those measures (e.g. need to obtain a licence, universal service obligations, need to obtain recognition of qualifications in regulated sectors, need to pass specific examinations, including language examinations, and non-discriminatory requirement that certain activities may not be carried out in environmental protected zones or areas of particular historic and artistic interest), even if not listed, apply in any case to establishments and investors of Korea.

4. In accordance with Article 7.1.3, the list below does not include measures concerning subsidies granted by a Party.

5. Notwithstanding Article 7.11, non-discriminatory requirements as regards the type of legal form of an establishment do not need to be specified in the below list of commitments on establishment in order to be maintained or adopted by the United Kingdom.

6. The rights and obligations arising from the list below shall have no self-executing effect and thus confer no rights directly on natural or juridical persons.

Sector or sub-sector	Description of reservations
ALL SECTORS	<p>Public utilities</p> <p>Economic activities considered as public utilities at a national or local level may be subject to public monopolies or to exclusive rights granted to private operators^{1,2}.</p>
ALL SECTORS	<p>Types of establishment</p> <p>Treatment accorded to subsidiaries (of Korean companies) formed in accordance with United Kingdom law and having their registered office, central administration or principal place of business within the United Kingdom is not extended to branches or agencies established in the United Kingdom by Korean companies.</p>

¹ Given that public utilities often also exist at the sub-central level, detailed and exhaustive sector-specific listing is not practical. To facilitate comprehension, specific footnotes in this list of commitments will indicate in an illustrative and non-exhaustive way those sectors where public utilities play a major role.

² This limitation does not apply to telecommunications services and to computer and related services.

Sector or sub-sector	Description of reservations
I. AGRICULTURE, HUNTING, FORESTRY	
A. Agriculture, hunting (ISIC rev 3.1: 011, 012, 013, 014, 015) excluding advisory and consultancy services ³	None.
B. Forestry and logging (ISIC rev 3.1: 020) services excluding advisory and consultancy services ⁴	None.
3. MINING AND QUARRYING ⁵ A. Mining of coal and lignite; extraction of peat (ISIC rev 3.1: 10) B. Extraction of crude petroleum and natural gas (ISIC rev 3.1: 1110) C. Mining of metal ores (ISIC rev 3.1: 13) D. Other mining and quarrying (ISIC rev 3.1: 14)	Unbound for juridical persons controlled ⁷ by natural or juridical persons of another country which accounts for more than 5 % of the United Kingdom's oil or natural gas imports . Unbound for direct branching (incorporation is required). Unbound for extraction of crude petroleum and natural gas.
4. MANUFACTURING ⁸	
A. Manufacture of food products and beverages (ISIC rev 3.1: 15)	None.

³ Advisory and consultancy services related to agriculture, hunting, forestry and fishing are to be found in BUSINESS SERVICES under 6.F.f) and 6.F.g).

⁴ Advisory and consultancy services related to agriculture, hunting, forestry and fishing are to be found in BUSINESS SERVICES under 6.F.f) and 6.F.g).

⁵ The horizontal limitation on public utilities applies.

⁶ Does not include services incidental to mining rendered on a fee or contract basis at oil and gas fields which are to be found in ENERGY SERVICES under 19.A.

⁷ A juridical person is controlled by other natural or juridical person(s) if the latter has/have the power to name a majority of its directors or otherwise legally direct its actions. In particular, ownership of more than 50 percent of the equity interests in a juridical person shall be deemed to constitute control.

⁸ This sector does not include advisory services incidental to manufacturing, which are to be found in BUSINESS SERVICES under 6.F.h).

Sector or sub-sector	Description of reservations
<u>B. Manufacture of tobacco products</u> (ISIC rev 3.1: 16)	None.
<u>C. Manufacture of textiles</u> (ISIC rev 3.1: 17)	None.
<u>D. Manufacture of wearing apparel; dressing and dyeing of fur</u> (ISIC rev 3.1: 18)	None.
<u>E. Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear</u> (ISIC rev 3.1: 19)	None.
<u>F. Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials</u> (ISIC rev 3.1: 20)	None.
<u>G. Manufacture of paper and paper products</u> (ISIC rev 3.1: 21)	None.
<u>H. Publishing, printing and reproduction of recorded media</u> ⁹ (ISIC rev 3.1: 22, excluding publishing and printing on a fee or contract basis ¹⁰)	None.
<u>I. Manufacture of coke oven products</u> (ISIC rev 3.1: 231)	None.

⁹ The sector is limited to manufacturing activities. It does not include activities which are audiovisual-related or present a cultural content.

¹⁰ Publishing and printing on a fee or contract basis is to be found in BUSINESS SERVICES under 6.F.p).

Sector or sub-sector	Description of reservations
<p><u>J. Manufacture of refined petroleum products</u>¹¹ (^{2b}) (ISIC rev 3.1: 232)</p>	<p>Unbound for juridical persons controlled¹² by natural or juridical persons of another country which accounts for more than 5 % of the United Kingdom's oil or natural gas imports. Unbound for direct branching (incorporation is required).</p>
<p><u>K. Manufacture of chemicals and chemical products other than explosives</u> (ISIC rev 3.1: 24 excluding manufacturing of explosives)</p>	<p>None.</p>
<p><u>L. Manufacture of rubber and plastics products</u> (ISIC rev 3.1: 25)</p>	<p>None.</p>
<p><u>M. Manufacture of other non-metallic mineral products</u> (ISIC rev 3.1: 26)</p>	<p>None.</p>

¹¹ The horizontal limitation on public utilities applies.

¹² A juridical person is controlled by other natural or juridical person(s) if the latter has/have the power to name a majority of its directors or otherwise legally direct its actions. In particular, ownership of more than 50 percent of the equity interests in a juridical person shall be deemed to constitute control.

Sector or sub-sector	Description of reservations
<p><u>N. Manufacture of basic metals</u> (ISIC rev 3.1: 27)</p>	None.
<p><u>O. Manufacture of fabricated metal products, except machinery and equipment</u> (ISIC rev 3.1: 28)</p>	None.
<p><u>P. Manufacture of machinery</u></p>	
<p>a) Manufacture of general purpose machinery (ISIC rev 3.1: 291)</p>	None.
<p>b) Manufacture of special purpose machinery other than weapons and munitions (ISIC rev 3.1: 2921, 2922, 2923, 2924, 2925, 2926, 2929)</p>	None.
<p>c) Manufacture of domestic appliances n.e.c. (ISIC rev 3.1: 293)</p>	None.
<p>d) Manufacture of office, accounting and computing machinery (ISIC rev 3.1: 30)</p>	None.
<p>e) Manufacture of electrical machinery and apparatus n.e.c. (ISIC rev 3.1: 31)</p>	None.
<p>f) Manufacture of radio, television and communication equipment and apparatus (ISIC rev 3.1: 32)</p>	None.

Sector or sub-sector	Description of reservations
<u>Q. Manufacture of medical, precision and optical instruments, watches and clocks</u> (ISIC rev 3.1: 33)	None.
<u>R. Manufacture of motor vehicles, trailers and semi-trailers</u> (ISIC rev 3.1: 34)	None.
<u>S. Manufacture of other (non-military) transport equipment</u> (ISIC rev 3.1: 35 excluding manufacturing of warships, warplanes and other transport equipment for military use)	None.
<u>T. Manufacture of furniture; manufacturing n.e.c.</u> (ISIC rev 3.1: 361, 369)	None.
<u>U. Recycling</u> (ISIC rev 3.1: 37)	None.
5. PRODUCTION; TRANSMISSION AND DISTRIBUTION ON OWN ACCOUNT OF ELECTRICITY, GAS, STEAM AND HOT WATER¹³ (EXCLUDING NUCLEAR BASED ELECTRICITY GENERATION)	
<u>A. Production of electricity; transmission and distribution of electricity on own account</u> (part of ISIC rev 3.1: 4010) ¹⁴	Unbound.
<u>B. Manufacture of gas; distribution of gaseous fuels through mains on own account</u> (part of ISIC rev 3.1: 4020) ¹⁵	Unbound.

¹³ The horizontal limitation on public utilities applies.

¹⁴ Does not include operation of electricity transmission and distribution systems on a fee or contract basis, which are to be found in ENERGY SERVICES.

¹⁵ Does not include transportation of natural gas and gaseous fuels via pipelines, transmission and distribution of gas on a fee or contract basis, and sales of natural gas and gaseous fuels, which are to be found in ENERGY SERVICES.

Sector or sub-sector	Description of reservations
<p>C. Production of steam and hot water; distribution of steam and hot water on own account</p> <p>(part of ISIC rev 3.1: 4030)¹⁶</p>	<p>Unbound for juridical persons controlled¹⁷ by natural or juridical persons of another country which accounts for more than 5 % of the United Kingdom's oil or natural gas imports. Unbound for direct branching (incorporation is required).</p>
<p>6. BUSINESS SERVICES</p>	
<p>A. Professional Services</p>	
<p>a) Legal Services</p> <p>(CPC 861)¹⁸</p> <p>excluding legal advisory and legal documentations and certification services provided by legal professionals entrusted with public functions, such as notaries.</p>	<p>None.</p>
<p>b) 1. Accounting and Bookkeeping Services</p> <p>(CPC 86212 other than 'auditing services', CPC 86213, CPC 86219 and CPC 86220)</p>	<p>None.</p>
<p>b) 2. Auditing services</p> <p>(CPC 86211 and 86212 other than accounting services)</p>	<p>None.</p>

¹⁶ Does not include transmission and distribution of steam and hot water on a fee or contract basis and sales of steam and hot water, which are to be found in ENERGY SERVICES.

¹⁷ A juridical person is controlled by other natural or juridical person(s) if the latter has/have the power to name a majority of its directors or otherwise legally direct its actions. In particular, ownership of more than 50 percent of the equity interests in a juridical person shall be deemed to constitute control.

¹⁸ Includes legal advisory services, legal representational services, legal arbitration and conciliation/mediation services, and legal documentation and certification services. Provision of legal services is only authorised in respect of public international law, and the law of any jurisdiction where the service supplier or its personnel is qualified to practise as a lawyer, and, like the provision of other services, is subject to licensing requirements and procedures applicable in the relevant jurisdiction of the United Kingdom. For lawyers providing legal services in respect of public international law and foreign law, these licensing requirements and procedures may take, *inter alia*, the form of compliance with local codes of ethics, use of home title (unless recognition with a United Kingdom title has been obtained), insurance requirements, simple registration with the United Kingdom regulators or a simplified admission to practise through an aptitude test and a legal or professional domicile in the United Kingdom. Legal services in respect of the law of the United Kingdom or the relevant jurisdiction shall in principle be carried out by or through a fully qualified lawyer admitted to practise in that jurisdiction and acting personally. Full admission to practise in the relevant jurisdiction of the United Kingdom might therefore be necessary for representation before courts and other competent authorities in the United Kingdom since it involves practise of national procedural law.

Sector or sub-sector	Description of reservations
c) Taxation Advisory Services (CPC 863) ¹⁹	None.
d) Architectural services and e) Urban planning and landscape architectural services (CPC 8671 and CPC 8674)	None.
f) Engineering services and g) Integrated engineering services (CPC 8672 and CPC 8673)	None.
h) Medical (including psychologists) and Dental services (CPC 9312 and part of CPC 85201)	Establishment for doctors under the National Health Service is subject to medical manpower planning.
i) Veterinary services (CPC 932)	None.
j) I. Midwives services (part of CPC 9319 I)	None.

¹⁹ Does not include legal advisory and legal representational services on tax matters, which are to be found under I.A.a) Legal Services.

Sector or sub-sector	Description of reservations
<p>j) 2. Services provided by Nurses, Physiotherapists and Paramedical Personnel (part of CPC 93191)</p>	None.
<p>k) Retail sales of pharmaceuticals and retail sales of medical and orthopaedical goods (CPC 63211) and other services supplied by pharmacists²⁰</p>	None.
<p><u>B. Computer and Related Services</u> (CPC 84)</p>	None.
<p><u>C. Research and Development Services²¹</u></p>	
<p>a) R&D services on natural sciences (CPC 851)</p>	For publicly funded R&D services, exclusive rights and/or authorisations can only be granted to nationals of the United Kingdom and to juridical persons of the United Kingdom having their headquarters in the United Kingdom.
<p>b) R&D services on Social Sciences and Humanities (CPC 852 excluding psychologists services)²²</p>	None.
<p>c) Interdisciplinary R&D services (CPC 853)</p>	For publicly funded R&D services, exclusive rights and/or authorisations can only be granted to nationals of the United Kingdom and to juridical persons of the United Kingdom having their headquarters in the United Kingdom.

²⁰ The supply of pharmaceuticals to the general public, like the provision of other services, is subject to licensing and qualification requirements and procedures applicable in the United Kingdom.

²¹ The horizontal limitation on public utilities applies.

²² Part of CPC 85201, which is to be found under 6.A.h. Medical and Dental services.

Sector or sub-sector	Description of reservations
D. Real Estate Services²³	
a) Involving Own or Leased Property (CPC 821)	None.
b) On a Fee or Contract Basis (CPC 822)	None.
<u>E. Rental/Leasing Services without Operators</u>	
a) Relating to Ships (CPC 83103)	Unbound for the establishment of a registered company for the purpose of operating with a fleet under the national flag of the United Kingdom.
b) Relating to Aircraft (CPC 83104)	Aircraft used by an air carrier of the United Kingdom have to be registered in the United Kingdom. The aircraft must be owned either by natural persons meeting specific nationality criteria or by juridical persons meeting specific criteria regarding ownership of capital and control (including nationality of directors). Waivers can be granted for short term lease contracts or under exceptional circumstances.
c) Relating to Other Transport Equipment (CPC 83101, CPC 83102 and CPC 83105)	None.
d) Relating to Other Machinery and Equipment (CPC 83106, CPC 83107, CPC 83108 and CPC 83109)	None.
e) Relating to personal and household goods (CPC 832)	None.

Sector or sub-sector	Description of reservations
f) Telecommunications equipment rental (CPC 7541)	None.
F. Other Business Services	
a) Advertising (CPC 871)	None.
b) Market Research and Opinion Polling (CPC 864)	None.
c) Management Consulting Services (CPC 865)	None.
d) Services Related to Management Consulting (CPC 866)	None.
e) Technical Testing and Analysis Services²⁴ (CPC 8676)	None.
f) Advisory and Consulting services incidental to Agriculture, Hunting and Forestry (part of CPC 881)	None.
g) Advisory and Consulting Services Relating to Fishing (part of CPC 882)	None.

Sector or sub-sector	Description of reservations
h) Advisory and Consulting Services incidental to Manufacturing (part of CPC 884 and part of CPC 885)	None.
i) Placement and Supply Services of Personnel	
i) 1. Executive search (CPC 87201)	None.
i) 2. Placement Services (CPC 87202)	None.
i) 3. Supply Services of office support personnel (CPC 87203)	None.
i) 4. Model agency Services (part of CPC 87209)	None.
i) 5. Supply services of domestic help personnel, other commercial or industrial workers, nursing and other personnel (CPCs 87204, 87205, 87206, 87209)	None.
j) 1. Investigation Services (CPC 87301)	None.
j) 2. Security Services (CPC 87302, CPC 87303, CPC 87304 and CPC 87305)	None.
k) Related Scientific and Technical Consulting Services²⁵ (CPC 8675)	None.

Sector or sub-sector	Description of reservations
l) 1. Maintenance and repair of vessels (part of CPC 8868)	None.
l) 2. Maintenance and Repair of Rail Transport Equipment (part of CPC 8868)	None.
l) 3. Maintenance and Repair of motor vehicles, motorcycles, snowmobiles and road transport Equipment (CPC 6112, CPC 6122, part of CPC 8867 and part of CPC 8868)	None.
l) 4. Maintenance and Repair of Aircraft and parts thereof (part of CPC 8868)	None.
l) 5. Maintenance and Repair services of metal products, of (non-office) machinery, of (non-transport and non-office) equipment and of personal and household goods²⁶ (CPC 633, CPC 7545, CPC 8861, CPC 8862, CPC 8864, CPC 8865 and CPC 8866)	None.
m) Building-Cleaning Services (CPC 874)	None.
n) Photographic Services (CPC 875)	None.

Sector or sub-sector	Description of reservations
o) Packaging Services (CPC 876)	None.
p) Printing and Publishing (CPC 88442)	None.
q) Convention Services (part of CPC 87909)	None.
r) 1. Translation and Interpretation Services (CPC 87905)	None.
r) 2. Interior Design and other Specialty Design Services (CPC 87907)	None.
r) 3. Collection Agency Services (CPC 87902)	None.
r) 4. Credit reporting services (CPC 87901)	None.
r) 5. Duplicating services (CPC 87904) ²⁷	None.

²⁷ Does not include printing services, which fall under CPC 88442 and are to be found under 6.F. p).

Sector or sub-sector	Description of reservations
r) 6. Telecommunications consulting services (CPC 7544)	None.
r) 7. Telephone answering services (CPC 87903)	None.
7. COMMUNICATION SERVICES	
<u>A. Postal and Courier Services</u> (Services relating to the handling ²⁸ of postal items ²⁹ according to the following list of sub-sectors, whether for domestic or foreign destinations: (i) Handling of addressed written communications on any kind of physical medium ³⁰ , including Hybrid mail service and Directmail,	None.

²⁸ 'Handling' refers to activities such as clearance, sorting, transport and delivery.

²⁹ 'Postal item' refers to items handled by any type of commercial operator, whether public or private.

³⁰ E.g. letters, postcards.

- (ii) Handling of addressed parcels and packages³¹,
 - (iii) Handling of addressed press products³²,
 - (iv) Handling of items referred to in (i) to (iii) above as registered or insured mail,
 - (v) Express delivery services³³ for items referred to in (i) to (iii) above,
 - (vi) Handling of non-addressed items, and (vii) Document exchange³⁴.
- Sub-sectors (i), (iv) and (v) are however excluded when they fall into the scope of the services which may be reserved for items of correspondence the price of which is less than five times the public basic tariff, provided that they weigh less than 350 grams³⁵ (4⁶), and for the registered mail service used in the course of judicial or administrative procedures.)
- (part of CPC 751, part of CPC 71235³⁶ and part of CPC 73210³⁷)

³¹ Books and catalogues are included hereunder.

³² Journals, newspapers and periodicals.

³³ Express delivery services may include, in addition to greater speed and reliability, value added elements such as collection from point of origin, personal delivery to addressee, tracing and tracking, possibility of changing the destination and addressee in transit, and confirmation of receipt.

³⁴ Provision of means, including the supply of ad hoc premises as well as transportation by a third party, allowing self-delivery by mutual exchange of postal items between users subscribing to this service. 'Postal item' refers to items handled by any type of commercial operator, whether public or private.

³⁵ 'Items of correspondence' means a communication in written form on any kind of physical medium to be conveyed and delivered at the address indicated by the sender on the item itself or on its wrapping. Books, catalogues, newspapers and periodicals are not regarded as items of correspondence.

³⁶ Transportation of postal and courier items on own account by any land mode.

³⁷ Transportation of mail on own account by air.

Sector or sub-sector	Description of reservations
<p><u>B. Telecommunications Services</u></p> <p>These services do not cover the economic activity consisting of the provision of content which requires telecommunications services for its transport.</p>	
<p>a) All services consisting of the transmission and reception of signals by any electromagnetic means³⁸, excluding broadcasting³⁹</p>	None.
<p>b) Satellite broadcast transmission services⁴⁰</p>	Service suppliers in this sector may be subject to obligations to safeguard general interest objectives related to the conveyance of content through their network in line with the United Kingdom regulatory framework for electronic communications.
<p>8. CONSTRUCTION AND RELATED ENGINEERING SERVICES (CPC 511, CPC 512, CPC 513, CPC 514, CPC 515, CPC 516, CPC 517 and CPC 518)</p>	None.
<p>9. DISTRIBUTION SERVICES</p> <p>(excluding distribution of arms, munitions, explosives and other war material)</p> <p>All sub-sectors mentioned below⁴¹</p>	None.

³⁸ These services do not include on-line information and/or data processing (including transaction processing) (part of CPC 843) which is to be found under 6.B. Computer and Related Services.

³⁹ Broadcasting is defined as the uninterrupted chain of transmission required for the distribution of TV and radio programme signals to the general public, but does not cover contribution links between operators.

⁴⁰ These services cover the telecommunications services consisting of the transmission and reception of radio and television broadcast by satellite (the uninterrupted chain of transmission via satellite required for the distribution of TV and radio programme signals to the general public). This covers selling use of satellite services, but does not include the selling of television programme packages to households.

⁴¹ The horizontal limitation on public utilities applies to the distribution of chemical products, of pharmaceuticals, of products for medical use such as medical and surgical devices, medical substances and objects for medical use, of military equipment and precious metals (and stones) and also to the distribution of tobacco and tobacco products and of alcoholic beverages.

Sector or sub-sector	Description of reservations
<u>A. Commission Agents' Services</u>	
a) Commission Agents' Services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof (part of CPC 61111, part of CPC 6113 and part of CPC 6121)	None.
b) Other Commission Agents' Services (CPC 621)	None.
<u>B. Wholesale Trade Services</u>	
a) Wholesale Trade Services of motor vehicles, motorcycles and snowmobiles and parts and accessories thereof (part of CPC 61111, part of CPC 6113 and part of CPC 6121)	None.
b) Wholesale Trade Services of telecommunication terminal equipment (part of CPC 7542)	None.
c) Other wholesale trade services (CPC 622 excluding wholesale trade services of energy products) ⁴²	None.

⁴² These services, which include CPC 62271, are to be found in ENERGY SERVICES under 19 D.

<p><u>C. Retailing Services</u>⁴³</p> <p>Retailing Services of motor vehicles, motorcycles and snow- mobiles and parts and accessories thereof (CPC 61112, part of CPC 6113 and part of CPC 6121)</p> <p>Retailing Services of telecommunication terminal equipment (part of CPC 7542)</p> <p>Food retailing services (CPC 631)</p> <p>Retailing services of other (non-energy) goods, except retail sales of pharmaceutical, medical and orthopaedic goods⁴⁴ (CPC 632 excluding CPC 63211 and 63297)</p>	None.
<p><u>D. Franchising</u></p> <p>(CPC 8929)</p>	None.

⁴³ Does not include maintenance and repair services which are to be found in BUSINESS SERVICES under 6.B. and 6.F.I). Does not include retailing services of energy products which are to be found in ENERGY SERVICES under 19.E. and 19.F.

⁴⁴ Retail sales of pharmaceutical, medical and orthopaedic goods are to be found under PROFESSIONAL SERVICES in 6.A.k).

Sector or sub-sector	Description of reservations
10. EDUCATIONAL SERVICES (only privately funded services)	
<u>A. Primary Education Services</u> (CPC 921)	Participation of private operators in the education network is subject to concession.
<u>B. Secondary Education Services</u> (CPC 922)	
<u>C. Higher Education Services</u> (CPC 923)	
<u>D. Adult Education Services</u> (CPC 924)	None.
11. ENVIRONMENTAL SERVICES ⁴⁵	
<u>A. Waste Water Services</u> (CPC 9401) ⁴⁶	None.

⁴⁵ The horizontal limitation on public utilities applies.

⁴⁶ Corresponds to sewage services.

Sector or sub-sector	Description of reservations
<p><u>B. Solid/hazardous waste management, excluding cross-border transport of hazardous waste</u></p> <p>a) Refuse Disposal Services (CPC 9402)</p> <p>b) Sanitation and Similar Services (CPC 9403)</p> <p><u>C. Protection of ambient air and climate</u> (CPC 9404)⁴⁷</p> <p><u>D. Remediation and clean up of soil and waters</u></p> <p>a) Treatment, remediation of contaminated/polluted soil and water (part of CPC 9406)⁴⁸</p> <p><u>E. Noise and vibration abatement</u> (CPC 9405)</p> <p><u>F. Protection of biodiversity and landscape</u></p> <p>a) Nature and landscape protection services (part of CPC 9406)</p> <p><u>G. Other environmental and ancillary services</u> (CPC 9409)</p> <p>12. FINANCIAL SERVICES</p>	

⁴⁷ Corresponds to cleaning services of exhaust gases.

⁴⁸ Corresponds to parts of nature and landscape protection services.

A. Insurance and insurance-related services

None.

Sector or sub-sector	Description of reservations
<u>B. Banking and other financial services (excluding insurance)</u>	Only firms having their registered office in the United Kingdom can act as depositories of the assets of investment funds. The establishment of a specialised management company, having its head office and registered office in the United Kingdom, is required to perform the activities of management of unit trusts and investment companies.

Sector or sub-sector	Description of reservations
13. HEALTH SERVICES AND SOCIAL SERVICES ⁴⁹ (only privately funded services)	
<u>A. Hospital Services</u> (CPC 9311)	Participation of private operators in the health and social network is subject to concession. An economic needs test may apply. Main criteria: number of and impact on existing establishments, transport infrastructure, population density, geographic spread, and creation of new employment.
<u>B. Ambulance Services</u> (CPC 93192)	Unbound for ambulance services, for residential health facilities other than hospital services, and for social services other than convalescent and rest houses and old people's homes.
<u>C. Residential health facilities other than hospital services</u> (CPC 93193)	
<u>D. Social Services</u> (CPC 933)	

⁴⁹ The horizontal limitation on public utilities applies.

Sector or sub-sector	Description of reservations
14. TOURISM AND TRAVEL RELATED SERVICES	
<u>A. Hotel, Restaurants and Catering</u> (CPC 641, CPC 642 and CPC 643) excluding catering in air transport services ⁵⁰	None.
<u>B. Travel Agencies and Tour Operators Services (including tour managers)</u> (CPC 7471)	None.
<u>C. Tourist Guides Services</u> (CPC 7472)	None.
15. RECREATIONAL, CULTURAL AND SPORTING SERVICES (other than audio-visual services)	
<u>A. Entertainment Services (including Theatre, Live Bands, Circus and Discotheque Services)</u> (CPC 9619)	None.