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ANNEX II
Schedule of Korea

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| Sector | All Sectors |
| Obligations Concerned | National Treatment (Article 11.3) Performance Requirements (Article 11.8) |
| Description | <p><u>Investment</u></p> <p>1. Korea reserves the right to adopt, with respect to the establishment or acquisition of an investment, any measure that is necessary for the maintenance of public order pursuant to Article 4 of the <i>Foreign Investment Promotion Act (2007)</i> and Article 5 of the <i>Enforcement Decree of the Foreign Investment Promotion Act (2007)</i>, provided that Korea promptly provides written notice to the United States that it has adopted such a measure and that the measure:</p> <ul style="list-style-type: none">(a) is applied in accordance with the procedural requirements set out in the <i>Foreign Investment Promotion Act (2007)</i>, <i>Enforcement Decree of the Foreign Investment Promotion Act (2007)</i>, and other applicable law;(b) is adopted or maintained only where the investment poses a genuine and sufficiently serious threat to the fundamental interests of society;(c) is not applied in an arbitrary or unjustifiable manner;(d) does not constitute a disguised restriction on investment; and(e) is proportional to the objective it seeks to achieve. <p>2. Without prejudice to any claim that may be submitted to arbitration pursuant to Article 11.16.1, a claimant may submit to arbitration under Section B of Chapter Eleven (Investment) a claim that:</p> <ul style="list-style-type: none">(a) Korea has adopted a measure for which it has provided notice pursuant to paragraph 1; and |

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- (b) the claimant or, as the case may be, an enterprise of Korea that is a juridical person that the claimant owns or controls directly or indirectly, has incurred loss or damage by reason of, or arising out of, the measure.

In the event of such a claim, Section B of Chapter Eleven (Investment) shall apply, *mutatis mutandis*, and all references in Section B of Chapter Eleven (Investment) to a breach, or to an alleged breach, of an obligation under Section A of Chapter Eleven (Investment) shall be understood to refer to the measure, which would constitute a breach of an obligation under Section A of Chapter Eleven (Investment) but for this entry. However, no award may be made in favor of the claimant, if Korea establishes to the satisfaction of the tribunal that the measure satisfies all the conditions listed in subparagraphs (a) through (e) of paragraph 1.

3. This entry does not apply to the extent that a measure referred to in paragraph 1 is subject to Chapter Thirteen (Financial Services).

Existing Measures

Article 4 of the Foreign Investment Promotion Act (Law No. 8380, Apr. 11, 2007)
Article 5 of its Enforcement Decree (Presidential Decree No. 19826, Jan. 5, 2007)

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Sector All Sectors

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Performance Requirements (Article 11.8)
Senior Management and Boards of Directors (Article 11.9)
Local Presence (Article 12.5)

Description Investment

Korea reserves the right to adopt or maintain any measure with respect to the transfer or disposition of equity interests or assets held by state enterprises or governmental authorities.

Such a measure shall be implemented in accordance with the provisions of Chapter Twenty-One (Transparency).

Notwithstanding Article 13.9.3, this entry shall not be treated as a non-conforming measure not subject to Article 13.2.

This entry will not apply to former private enterprises which are owned by the state as a result of corporate reorganization processes in accordance with relevant laws, if any.

For the purposes of this entry:

A state enterprise shall include any enterprise created for the sole purpose of selling or disposing of equity interests or assets of state enterprise or governmental authorities.

Cross-Border Trade in Services and Investment

Without prejudice to Korea's commitments undertaken in Annex I and Annex II, Korea reserves the right to adopt or maintain any measure with respect to the transfer to the private sector of all or any portion of services provided in the exercise of governmental authority.

This entry does not apply to a measure inconsistent with Article 11.3 or 12.2 to the extent that the measure affects the supply of express

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delivery services that the laws of Korea permit. This paragraph does not prevent Korea from establishing or maintaining a state enterprise.

Notwithstanding Article 13.9.3, this entry shall not be treated as a non-conforming measure not subject to Article 13.2.

Existing Measures

Article 203 of the Securities and Exchange Act(Law No 8315, Mar. 29, 2007)

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| Sector | Acquisition of Land |
| Obligations Concerned | National Treatment (Article 11.3) |
| Description | <u>Investment</u> Korea reserves the right to adopt or maintain any measure with respect to the acquisition of land by foreign persons except: <ol style="list-style-type: none">1. that the acquisition of land by companies which are not deemed foreign under the Foreigner's Land Acquisition Act is permitted, and2. that the acquisition of land by companies which are deemed foreign under the Foreigner's Land Acquisition Act and branches of foreign companies is permitted, subject to approval or notification in accordance with the Foreigner's Land Acquisition Act, for any of the following legitimate business purposes:<ul style="list-style-type: none">- land used for ordinary business activities;- land used for housing for senior management; and- land used for fulfilling land-holding requirements stipulated by pertinent laws Korea reserves the right to adopt or maintain any measure with respect to the acquisition of farmland by foreign persons. |
| Existing Measures | Articles 3, 4, 5, and 6 of the Foreigner's Land Acquisition Act (Law No. 7297, Dec. 31, 2004) Article 6 of the Farmland Act (Law No. 8170, Jan. 3, 2007) |

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| Sector | Firearms, Swords, Explosives, Etc. |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Performance Requirements (Article 11.8) Senior Management and Boards of Directors (Article 11.9) Local Presence (Article 12.5) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to the firearms, swords and explosives sector, including the manufacture, use, sale, storage, transport, import, export, and possession of firearms, swords, and explosives. |

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| Sector | Disadvantaged Groups |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Performance Requirement (Article 11.8) Senior Management and Boards of Directors (Article 11.9) Local Presence (Article 12.5) Most-Favored-Nation Treatment (Articles 11.4 and 12.3) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure that accords rights or preferences to socially or economically disadvantaged groups, such as the disabled, persons who have rendered distinguished services to the state, and ethnic minorities. |

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| Sector | State-Owned National Electronic / Information System |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Performance Requirements (Article 11.8) Senior Management and Boards of Directors (Article 11.9) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure affecting the administration and operation of any state-owned electronic / information system which contains proprietary information of the government or information gathered pursuant to the regulatory functions and powers of the government. Such measures shall apply to any other state-owned electronic / information systems that may be established in the future. This entry will not apply to payment and settlement systems related to financial services. |

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| Sector | Social Services |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Most-Favored-Nation Treatment (Articles 11.4 and 12.3) Local Presence (Article 12.5) Performance Requirements (Article 11.8) Senior Management and Boards of Directors (Article 11.9) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent that they are social services established or maintained for public purposes: income security or insurance, social security or insurance, social welfare, public training, health, and child care. |

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| Sector | All Sectors |
| Obligations Concerned | Market Access (Article 12.4) |
| Description | <u>Cross-Border Trade in Services</u> |

Korea reserves the right to adopt or maintain any measure that is not inconsistent with Korea's obligations under Article XVI of the GATS as set out in Korea's Schedule of Specific Commitments under the GATS(GATS/SC/48, GATS/SC/48/Suppl.1, GATS/SC/48/Suppl.1/Rev.1, GATS/SC/48/Suppl.2, GATS/SC/48/Suppl.3, and GATS/SC/48/Suppl.3/Rev.1)

For purposes of this entry only, Korea's Schedule is subject to the following modifications :

- (a) for any sector and subsector with regard to which Korea's Annex I contains an entry(other than an entry with regard to "All Sectors") that does not list Market Access as one in the Obligations Concerned element, "None" is inscribed in the Market Access column for modes 1, 2, and 3, and "Unbound except as indicated in the Horizontal commitments section" is inscribed for mode 4;
- (b) for any sector and subsector with regard to which Korea's Annex I contains an entry (other than an entry with regard to "All Sectors") that lists a limitation to Market Access, that limitation is inscribed in the Market Access column with regard to the appropriate mode of supply; and
- (c) for any sector and subsector listed in Appendix II-A, Korea's Schedule is modified as indicated in the Appendix II-A.

These modifications shall not affect any limitation relating to sub-paragraph (f) of paragraph 2 of Article XVI of the GATS inscribed in the Market Access column of Korea's Schedule.

For greater certainty, an entry of "None" in the Market Access column of Korea's Schedule shall not be construed to alter the application of Article 12.5 as modified by Article 12.6.

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| Sector | All Sectors |
| Obligations Concerned | Most-Favored-Nation Treatment (Articles 11.4 and 12.3) |
| Description | <u>Cross-Border Trade in Services and Investment</u> |

Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.

Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fisheries; or
- (c) maritime matters, including salvage.

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Sector Communications – Broadcasting Services

Obligations Concerned Most-Favored-Nation Treatment (Articles 11.4 and 12.3)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure that accords differential treatment to persons of other countries due to application of reciprocity measures or through international agreements involving sharing of the radio spectrum, guaranteeing market access, or national treatment with respect to the one-way satellite transmission of direct-to-home (DTH) and direct broadcasting satellite (DBS) television services and digital audio services.

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| Sector | Transportation – Railroad Transportation |
| Obligations Concerned | Most-Favored-Nation Treatment (Articles 11.4 and 12.3) |
| Description | <u>Cross-Border Trade in Services and Investment</u> |

Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving railroad transportation.

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Sector Environmental Services - Treatment and Supply Services for Potable Water; Collection and Treatment Services for Municipal Sewage; Collection, Transportation and Disposal Services for Municipal Refuse; Sanitation and Similar Services; Nature and Landscape Protection Services (Except for Environmental Impact Assessment services)

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Local Presence (Article 12.5)
Performance Requirements (Article 11.8)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to the services set out in the Sector heading.

This entry shall not apply to such services supplied pursuant to a contract between or among private parties to the extent private supply of such services is permissible under relevant laws and regulations.

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| Sector | Atomic Energy - Nuclear Power Generation; Manufacturing and Supply of Nuclear Fuel; Nuclear Materials; Radioactive Waste Treatment and Disposal (including treatment and disposal of spent and irradiated nuclear fuel); Radioisotope and Radiation Generation Facilities; Monitoring Services for Radiation; Services relating to Nuclear Energy; Planning, Maintenance and Repair Services |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Senior Management and Boards of Directors (Article 11.9) Performance Requirements (Article 11.8) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to the atomic energy industry. |

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| Sector | Energy Services - Electric Power Generation other than Nuclear Power Generation; Electric Power Transmission, Distribution and Sales; Electricity Business |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Performance Requirements (Article 11.8) Senior Management and Boards of Directors (Article 11.9) |
| Description | <p><u>Cross-Border Trade in Services and Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to the electric power generation, transmission, distribution and sales.</p> <p>Any such measures shall not be inconsistent with the Energy Services (electric power) entry in Annex I.</p> <p>Notwithstanding this entry, Korea shall not adopt or maintain any measure inconsistent with paragraph 1.(f) of Article 11.8.</p> |

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| Sector | Energy Services - Gas industry |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Performance Requirements (Article 11.8) Senior Management and Boards of Directors (Article 11.9) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to import and wholesale distribution of natural gas, and operation of terminals and the national high pressure pipeline network. Any such measure shall not be inconsistent with the Energy Services (gas industry) entry in Annex I. |

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| Sector | Distribution Services - Commission agents' services, wholesaling and retailing of agricultural raw materials and live animals (<i>nong chuk-san mul</i>) |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Performance Requirements (Article 11.8) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to the commission agents' services, wholesaling (including importation), and retailing services with respect to rice, ginseng, and red ginseng. |

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| Sector | Transportation Services – Passenger Road Transportation Services (Taxi and Scheduled Passenger Transportation) |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Performance Requirements (Article 11.8) Most-Favored-Nation Treatment (Articles 11.4 and 12.3) Senior Management and Boards of Directors (Article 11.9) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to taxi and scheduled passenger road transportation services. |

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| Sector | Transportation Services – Road Transportation Services (Freight Transportation Services except Road Transportation Services Related to Courier Services) |
| Obligations Concerned | Local Presence (Article 12.5) Performance Requirements (Article 11.8) Most-Favored-Nation Treatment (Articles 11.4 and 12.3) Senior Management and Boards of Directors (Article 11.9) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to freight land transportation services except for road transportation of containerized freight (excluding cabotage) by international shipping companies and road transportation services related to courier services. |

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| Sector | Transportation Services - Internal Waterway Transportation Services and Space Transportation Services |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Senior Management and Boards of Directors (Article 11.9) Most-Favored-Nation Treatment (Articles 11.4 and 12.3) Performance Requirements (Article 11.8) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to internal waterway transportation services and space transportation services. |

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| Sector | Transportation Services - Storage and Warehousing Services |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to storage and warehousing services for rice. |

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| Sector | Communication Services - Non-monopoly Postal Services |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) |
| Description | <p><u>Cross-Border Trade in Services and Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to the following:</p> <ol style="list-style-type: none">(1) Military service personnel or other personnel of equivalent status may supply support services in the postal offices; and(2) The Minister of Information and Communication does not need authorization from the Minister of Construction and Transportation in determining the total number of vehicles that belong to the Ministry and allocating the vehicles to the postal offices. |
| Existing Measures | Postal Service Act (Law No. 8288, Jan. 26, 2007) Military Service Act (Law No. 8243, Jan. 19, 2007) Regulations on Management of Common-Purpose Motor Vehicles (Presidential Decree No. 19414, Mar. 29, 2006) |

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| Sector | Communication Services - Broadcasting Services |
| Obligations Concerned | Market Access (Article 12.4) Local Presence (Article 12.5) National Treatment (Articles 11.3 and 12.2) Performance Requirements (Article 11.8) Senior Management and Boards of Directors (Article 11.9) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure that: (a) limits cross-ownership among media sectors; (b) sets the minimum percentage of issued stocks or equity interest that serves as a threshold to determine whether a juridical person organized under the laws of Korea is a deemed foreign person. This subparagraph does not apply to a program provider that is not engaged in <i>jong-hap-pyeon-sung</i> (multi-genre programming), <i>bo-do</i> (news reporting), or home-shopping; (c) requires the members of the board of directors to be a Korean national or resident; (d) requires platform operator (e.g., a cable system or satellite broadcasting operator) to retransmit a terrestrial broadcasting or to transmit public interest channel; (e) with respect to a terrestrial broadcaster, requires a certain percentage of annual programming hours to be newly produced domestic animation, provided that such measure shall not constitute material impairment of current market access for US animation content. ¹ ; with respect to a program provider that primarily provides |

¹ For purposes of transparency, under the Broadcasting Act (Law No. 8301, Jan. 26, 2007), Korea Broadcasting Commission may set a specific percentage within the limit of one and a half percent of annual programming hours of a terrestrial broadcaster for newly produced domestic animation. As of April 30, 2007, one percent of annual programming hours for KBS, MBC and SBS, and 0.3 percent for EBS are assigned for newly produced domestic animation.

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animation programming or is engaged in *jong-hap-pyeon-sung* (multi-genre programming), requires a certain percentage of annual programming hours to be newly produced domestic animation, provided that the measure permits the program provider to provide a greater quantity of foreign content than specified in Annex I;

- (f) imposes an outsourced production content quota, expenditure requirement for Korean production, or prime time quota, provided that, if such quota or requirement is applied to a cable system or satellite broadcasting operator or program provider, the measure permits such supplier to provide a greater quantity of foreign content than specified in Annex I;
- (g) requires a supplier of broadcasting services that provides video on demand (VOD) services to store a certain percentage of Korean content, provided that such a requirement does not result in the storage of videos for which there is negligible consumer demand; or
- (h) restricts or prohibits retransmission of foreign broadcasting services in a specific category (including foreign cable channels) provided that the measures specified in Annex I imposing foreign equity limitations with respect to program providers in that category are eliminated. This subparagraph does not apply with respect to a supplier of foreign retransmitted broadcasting services approved on or before the date of signature of this Agreement and such a supplier may continue to supply its services in accordance with the Broadcasting Act (Law No. 8301, Jan. 26, 2007 and Decision No. 2005-18-144, April 26, 2005).

For the purpose of this entry:

- (a) a **deemed foreign person** means a juridical person organized under the laws of Korea in which a foreign government or a foreign person holds in the aggregate more than 50 percent of its total issued stocks or equity interest, or whose the largest shareholder is a foreign government or a foreign person;
- (b) **outsourced production content** means content produced in Korea by an independent production company organized under the laws of Korea; and
- (c) **prime time quota** means a requirement to provide a certain

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percentage of Korean content during hours of high viewership.

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Sector: Communication Services - Broadcasting and Telecommunications Services

Obligations Concerned: National Treatment (Articles 11.3 and 12.2)
Market Access (Article 12.4)
Local Presence (Article 12.5)
Performance Requirement (Article 11.8)
Senior Management and Board of Directors (Article 11.9)

Description: Cross-Border Trade in Services and Investment

1. Subject to paragraph 2, Korea reserves the right to adopt or maintain any measure with the respect to a supplier of subscription-based video services as part of future regulatory reforms in the broadcasting and telecommunications sectors or taking into account deliberations by the *Broadcasting and Telecommunications Convergence Promotion Committee*.
2. With respect to subscription-based video services,
 - (a) any such measure that limits foreign equity shall be decided in accordance with domestic policy determination on the classification of subscription-based video services and shall be no less favorable with respect to a supplier of subscription-based video services than a measure applied pursuant to the Telecommunications Services entry in Annex I with respect to a facilities-based supplier of public telecommunications services or the Communications-Broadcasting Services entry in Annex I with respect to a cable system operator, as the case may be. Such a measure shall be subject to Article 11.12.1(c); and
 - (b) any such measure that imposes domestic content quota may set a level no higher than the percentage permitted pursuant to the Communications-Broadcasting Services entry in Annex I with respect to a cable system operator. Such a measure shall be subject to Article 11.12.1(c).

For transparency, the *Broadcasting and Telecommunications Convergence Promotion Committee* is to design policy and reform the regulatory framework on the following areas:

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- (a) restructuring the regulatory authority and setting a new legal framework;
- (b) reviewing the industry's classification system;
- (c) licensing and authorization of players;
- (d) ownership and cross-ownership system;
- (e) regulations on business activities;
- (f) improving technological regulations;
- (g) realizing universal service; and
- (h) addressing the issue on public interest programs in the convergence era.

For purposes of this entry, **subscription-based video services** means subscription-based video services that are supplied to end-users over dedicated transmission capacity that the supplier owns or controls (including by leasing) and includes Internet Protocol-based Television (“IPTV”) and Interactive Broadcasting.

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Sector Communication Services - Broadcasting and Audio-Visual Services

**Obligations
Concerned** Most Favored-Nation Treatment (Articles 11.4 and 12.3)
Performance Requirement (Article 11.8)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any preferential co-production arrangement for film or television productions. Official co-production status, which may be granted to a co-production produced under the co-production arrangements, confers national treatment on works covered by these arrangements.

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Sector Communication Services - Broadcasting and Audio-Visual Services

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Performance Requirement (Article 11.8)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure setting criteria for determining whether broadcasting or audio-visual programs are Korean.

This entry does not nullify or impair the Communications Services – Broadcasting Services entry in Annex I or the Communications Services – Broadcasting and Telecommunications Services entry in Annex II of this Agreement.

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| Sector | Business Services - Real Estate Services(Excluding Real Estate Brokerage and Appraisal Services) |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Performance Requirements (Article 11.8) |
| Description | <u>Cross-Border Trade in Services and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to real estate development, supply, management, sale and rental services, except for brokerage and appraisal services. |

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| Sector | Business Services - Insolvency and Receivership Services |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Senior Management and Boards of Directors (Article 11.9) |
| Description | <p><u>Cross-Border Trade in Services and Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to insolvency and receivership services.</p> <p>Korea reserves the right to adopt or maintain any measure with respect to corporate restructuring services, including corporate restructuring companies, corporate restructuring partnerships and corporate restructuring vehicles.</p> <p>For greater certainty, this entry shall not be construed to negatively affect current legitimate investment banking services subject to rights and obligations under Chapter Thirteen(Financial Services).</p> |

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Sector Digital Audio or Video Services

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Most-Favored-Nation Treatment (Articles 11.4 and 12.3)
Performance Requirements (Article 11.8)
Local Presence (Article 12.5)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt measures to ensure that, upon a finding by the Government of Korea that Korean digital audio or video content or genres thereof is not readily available to Korean consumers, access to such programming on digital audio or video services is not unreasonably denied to Korean consumers. With respect to services targeted at Korean consumers, Korea reserves the right to adopt measures to promote the availability of such content through digital audio or video services.

Any measures addressing such a situation will be implemented in accordance with the provisions of Chapter Twenty-one (Transparency), as well as Article 12.8 as applicable, and be based on objective criteria and be no more trade restrictive or burdensome than necessary.

For the purpose of this entry, the term “digital audio or video service” means a service that provides streaming audio content, films or other video downloads, or streaming video content regardless of type of transmission (including through the Internet), but does not include broadcasting services as defined by the Broadcasting Act as of the date of entry into force of this Agreement or subscription-based video services as defined in the Communications Services-Broadcasting and Telecommunications Services entry in Annex II of this Agreement.

Sector Business Services - Surface Surveying Services and Map Making Services

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Obligations Concerned National Treatment (Articles 11.3 and 12.2)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to cadastral survey and cadastral map related services.

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| Sector | Business and Environmental Services - Examination, Certification, and Classification of Agricultural Raw Materials and Live Animal (<i>nong chuk-san mul</i>) |
| Obligations Concerned | Local Presence (Article 12.5) National Treatment (Articles 11.3 and 12.2) |
| Description | <p><u>Cross-Border Trade in Services and Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to examination, certification, and classification of agricultural raw materials and live animal products.</p> <p>For greater certainty, this entry does not include examinations performed on behalf of producers before they take official examinations or testings.</p> |

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| Sector | Business Services - Services incidental to Agriculture, Hunting, Forestry and Fishing |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Performance Requirements (Article 11.8) Senior Management and Boards of Directors (Article 11.9) |
| Description | <p><u>Cross-Border Trade in Services and Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to services incidental to agriculture, forestry and livestock such as, for example, genetic improvement, artificial insemination, rice and barley polishing and rice processing complex.</p> <p>Korea reserves the right to adopt or maintain any measure with respect to the supply of services incidental to agriculture, hunting, forestry and fishing by the Agricultural Cooperatives, the Forestry Cooperatives, and the Fisheries Cooperatives.</p> |

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Sector Fishing

Obligations Concerned National Treatment (Article 11.3)

Description Investment

Korea reserves the right to adopt or maintain any measure with respect to fishing activities in Korea's territorial waters and Exclusive Economic Zone.

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| Sector | Publishing of Newspapers |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Senior Management and Boards of Directors (Article 11.9) |
| Description | <u>Cross-border Services in Trade and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to publishing (including printing and distribution) of newspapers. |

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Sector Education Services - Pre-primary, Primary, Secondary, Higher and Other Education

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Local Presence (Article 12.5)
Performance Requirements (Article 11.8)
Senior Management and Board of Directors (Article 11.9)
Most-Favored-Nation Treatment (Articles 11.4 and 12.3)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to pre-primary, primary and secondary education, health and medicine-related higher education, higher education for prospective pre-primary, primary, and secondary teachers, professional graduate education in law, distance education at all education levels (except adult education services, provided that such services do not confer academic credit, diplomas, or degrees) and other education services.

This entry does not apply to the administration of educational testing for foreign use. For greater certainty, nothing in this Agreement affects Korea's authority to select and apply educational testings, or to regulate school curriculum in accordance with domestic education policy.

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Sector Social Services - Human Health Services

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Most-Favored-Nation Treatment (Articles 11.4 and 12.3)
Local Presence (Article 12.5)
Performance Requirements (Article 11.8)
Senior Management and Boards of Directors (Article 11.9)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to human health services.

However, this entry shall not apply to the Act on Designation and Management of Free Economic Zones (Law No. 8369, Apr. 11, 2007), and the Special Act on Establishment of Jeju Special Self-Governing Province and Creation of Free International City (Law No. 8372, Apr. 11, 2007) to the extent that these Acts provide preferential measures relating to establishment of medical facilities and pharmacies, etc, and remote medical services to those geographical areas specified in those Acts.

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Sector Recreational, Cultural and Sporting Services - Motion Picture Services

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Most-Favored-Nation Treatment (Articles 11.4 and 12.3)
Performance Requirements (Article 11.8)
Local Presence (Article 12.5)

Description Cross-Border Services in Trade and Investment

Korea reserves the right to adopt or maintain any measure with respect to promotion, advertising, or post-production of motion pictures.

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| Sector | Recreational, Cultural and Sporting Services - Museum and other Cultural Services |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Performance Requirements (Article 11.8) Senior Management and Boards of Directors (Article 11.9) |
| Description | <u>Cross-Border Services in Trade and Investment</u> Korea reserves the right to adopt or maintain any measure with respect to conservation and restoration of cultural heritage and properties, including excavation, appraisal or dealing of cultural heritage and properties. |

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Sector Other Recreational Services

Obligations Concerned National Treatment (Article 11.3)

Description Investment

Korea reserves the right to adopt or maintain any measure with respect to tourism in rural, fishery and agricultural sites.

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| Sector | Legal Service - Foreign Legal Consultants |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Senior Management and Boards of Directors (Article 11.9) |
| Description | <p><u>Cross-Border Trade in Services and Investment</u></p> <p>1. Korea reserves the right to adopt or maintain any measures with respect to, including but not limited to, the following:</p> <ul style="list-style-type: none">(a) Restrictions on certification, approval, registration, admission, supervision and any other requirements with respect to foreign country-licensed lawyers or foreign law firms supplying any type of legal services in Korea;(b) Restrictions on foreign country-licensed lawyers or foreign law firms entering into a partnership, commercial association, affiliation, or any other relationship regardless of its legal form, with <i>byeon-ho-sa</i>(Korean-licensed lawyer), Korean law firms, <i>beop-mu-sa</i>(Korean judicial scrivener), <i>byeon-ri-sa</i> (Korean patent attorney), <i>gong-in-hoe-ge-sa</i>(certified public accountant), <i>se-mu-sa</i>(Korean certified tax accountant) or <i>gwan-se-sa</i> (Korean customs broker);(c) Restrictions on foreign country-licensed lawyers or foreign law firms hiring <i>byeon-ho-sa</i>(Korean-licensed lawyer), <i>beop-mu-sa</i> (Korean judicial scrivener), <i>byeon-ri-sa</i>(Korean patent attorney), <i>gong-in-hoe-ge-sa</i>(certified public accountants), <i>se-mu-sa</i>(Korean certified tax accountants) or <i>gwan-se-sa</i> (Korean customs brokers); and,(d) Restriction on senior management and the board of directors including chairman. <p>2. Notwithstanding paragraph 1,</p> <ul style="list-style-type: none">(a) No later than the date of entry into force of this Agreement, |

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Korea will allow, subject to certain requirements consistent with this Agreement, a U.S. law firm to establish a representative office(FLC office) in Korea, and U.S.-licensed lawyers to provide legal advisory service on the laws of the jurisdiction in which they are qualified and on public international law as foreign legal consultants in Korea.

- (b) No later than two years after the date of entry into force of this Agreement, Korea will allow a FLC office, subject to certain requirements consistent with this Agreement, to conclude a specific cooperative agreement with a Korean law firm to jointly deal with a case in which domestic and foreign legal affairs are mixed, and to share profits derived from the case.
- (c) No later than five years after the date of entry into force of this Agreement, Korea will allow U.S law firms to establish, subject to certain requirements consistent with this Agreement, a joint venture firm with Korean law firms. Korea may impose restrictions on the proportion of voting shares or equity interests of the firm. For greater certainty, such joint venture may, subject to certain requirements, employ Korean-licensed lawyers as its partners and/or associates.

- 3. Korea shall maintain, at a minimum, the measures adopted to implement its commitments in paragraph 2.

For the purpose of this entry, a U.S. law firm means a law firm organized under U.S. law and headquartered in the United States.

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Sector Professional Services – Foreign Certified Public Accountants

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Local Presence (Article 12.5)
Senior Management and Boards of Directors (Article 11.9)

Description Cross-Border Trade in Services and Investment

1. Korea reserves the right to adopt or maintain any measures on, including but not limited to, the following:

- (a) Restrictions on certified public accountants or accounting corporations registered under foreign laws hiring *gong-in-hoe-gye-sa* (Korean registered certified public accountants);
- (b) Restrictions on foreign certified public accountants providing auditing services in Korea; and,
- (c) Restrictions on senior management and the board of directors including chairman.

2. Notwithstanding paragraph 1,

- (a) No later than the date of entry into force of this Agreement, Korea will allow, subject to certain requirements consistent with this Agreement, the provision of accounting consulting services on the U.S. or international accounting laws and standards through offices established in Korea by certified public accountants registered or accounting corporations constituted under the U.S. laws. Korea will also permit U.S. certified public accountants to work in *hoe-gye-beop-in* (Korean accounting corporations).
- (b) No later than five years after the date of entry into force of this Agreement, Korea will allow U.S. certified public accountants registered under U.S. law to invest, subject to certain

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requirements consistent with this Agreement, in a Korean accounting corporation. *Gong-in-hoe-yge-sa* (Korean registered certified public accountants) shall own at least more than 50 percent of the voting shares or equity interests thereof. Any single U.S. certified public accountant may own less than 10 percent of the voting shares or equity interests of a *hoe-gye-beop-in* (Korean accounting corporation).

3. Korea shall maintain, at a minimum, the measures adopted to implement its commitments in paragraph 2.

For the purpose of this entry, a U.S. accounting corporation means an accounting corporation organized under U.S. law and headquartered in the United States.

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| Sector | Professional Services – Foreign Certified Tax Accounts |
| Obligations Concerned | National Treatment (Articles 11.3 and 12.2) Local Presence (Article 12.5) Senior Management and Boards of Directors (Article 11.9) |
| Description | <p><u>Cross-Border Trade in Services and Investment</u></p> <p>1. Korea reserves the right to adopt or maintain any measures on, including but not limited to, the following:</p> <ul style="list-style-type: none">(a) Restrictions on certified tax accountants or tax agency corporations registered under foreign laws hiring <i>se-mu-sa</i> (Korean registered certified tax accountants) or <i>gong-in-hoe-ge-sa</i> (certified public accountants);(b) Restrictions on foreign certified tax accountants providing tax reconciliation services and tax representative services in Korea; and,(c) Restrictions on senior management and the board of directors including chairman. <p>2. Notwithstanding paragraph 1,</p> <ul style="list-style-type: none">(a) No later than the date of entry into force of this Agreement, Korea will allow, subject to certain requirements consistent with this Agreement, the provision of tax consulting services on the U.S. or international tax laws and taxation system through offices established in Korea by certified tax accountants registered or tax agency corporations constituted under the U.S. laws. Korea will also permit U.S. certified tax accountants to work in <i>se-mu-beop-in</i> (Korean tax agency corporations).(b) No later than five years after the date of entry into force of this Agreement, Korea will allow U.S. certified tax accountants to invest, subject to certain requirements consistent with this |

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Agreement, in a *se-mu-beop-in* (Korean tax agency corporation). *Se-mu-sa* (Korean certified tax accountants) shall own at least more than 50 percent of the voting shares or equity interests thereof. Any single U.S. certified tax accountant may own less than 10 percent of the voting shares or equity interests of a *se-mu-beop-in* (Korean tax agency corporation).

3. Korea shall maintain, at a minimum, the measures adopted to implement its commitments in paragraph 2.

For the purpose of this entry, a U.S. tax agency corporation means a tax agency corporation organized under U.S. law and headquartered in the United States.

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| Sector | Business Services |
| Obligations Concerned | National Treatment (Article 12.2) Local Presence (Article 12.5) |
| Description | <p><u>Cross-Border Trade in Services</u></p> <p>Korea reserves the right to adopt or maintain any measure with respect to exports and re-exports of controlled commodities, software and technology.</p> <p>An application for a license must be made by a person residing in Korea.</p> <p>Korea is in the process of modifying its relevant measures and the Parties will consult, after that process is completed, to determine whether an amendment to this entry is necessary in light of those modifications.</p> |
| Existing Measures | Technology Development Promotion Act(Law No.7946, Apr. 28, 2006) Atomic Energy Act(Law No.7806, Dec. 30, 2005) Foreign Trade Act(Law No.8356, Apr. 11, 2007Dec.23,2005) No. 2007-3 (Apr. 12, 2007)of Announcement of the Ministry of Science and Technology No. 2007-51(Apr. 12, 2007)4(Sep.8, 2006)of Announcement of the Ministry of Commerce, Industry and Energy The Customs Act (Law No. 8136, Dec. 30, 2006) |

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Sector All Sectors

Obligations Concerned National Treatment (Articles 11.3)
Performance Requirements (Article 11.8)
Senior Management and Boards of Directors (Article 11.9)

Description Investment

Korea reserves the right to adopt or maintain any measure with respect to an investment to supply a service in the exercise of governmental authority, as that term is defined in Article 12.1.6 (Scope and Coverage), such as law enforcement and correctional services. This entry does not apply to an investor or covered investment that has entered into an agreement with Korea with respect to the supply of such services. This entry does not apply to a measure adopted or maintained by Korea to the extent that the measure is subject to Chapter Thirteen (Financial Services).

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Sector Transportation Services – Maritime Passenger Transportation and Maritime Cabotage

Obligations Concerned National Treatment (Articles 11.3 and 12.2)
Local Presence (Article 12.5)
Senior Management and Board of Directors (Article 11.9)
Performance Requirements (Article 11.8)
Most-Favored-Nation Treatment (Articles 11.4 and 12.3)

Description Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure relating to the provision of international maritime passenger transportation services, maritime cabotage, and the operation of Korean vessels, including the following:

A person that supplies international maritime passenger transportation services must obtain a license from the Minister of Maritime Affairs and Fisheries, which is subject to an economic needs test.

Maritime cabotage is reserved for Korean vessels. Maritime cabotage includes maritime transportation between harbors located along the entire Korean peninsula and any adjacent islands. “Korean vessel” means:

1. a vessel owned by the Korean government, state enterprises or institutions established under the Ministry of Maritime Affairs and Fisheries;
2. a vessel owned by a Korean national;
3. a vessel owned by an enterprise organized under the Korean Commercial Code;
4. a vessel owned by an enterprise organized under foreign law that has a principal office in Korea and whose *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) is a Korean national. In the event of *gong-dong-dae-pyo-ja* (*co-dae-pyo-ja*), all *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) must be Korean nationals.

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Appendix II-A

| Sector/Subsector | Market Access Improvements |
|---|--|
| <p>Research and Development Services :</p> <p>a. Research and development services on natural sciences</p> <p>b. Research and development services on social sciences and humanities</p> <p>c. Interdisciplinary research and development services</p> | <p>Insert new commitments with “None” for modes 1&2, “Unbound” for mode 3 and “Unbound except as indicated in the Horizontal Commitments section.” for mode 4</p> <p>Modify mode 1&2 limitations from “Unbound” to “None”</p> <p>Insert new commitments with “None” for modes 1&2, “Unbound” for mode 3 and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> |
| <p>Market research and public opinion polling services</p> | <p>Modify mode 1&2 limitations from “Unbound” to “None”</p> |
| <p>Services incidental to mining</p> | <p>Modify mode 1&2 limitations from “Unbound” to “None”</p> |
| <p>Packaging services</p> | <p>Modify mode 1&2 limitations from “Unbound” to “None”</p> |
| <p>Convention services other than Convention agency services</p> | <p>Insert new commitments with “None” for mode 1, 2 & 3 and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> |

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| Sector/Subsector | Market Access Improvements |
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| <p>Tourism and travel related services :</p> <p>a. Beverage serving services without entertainment</p> <p>Excluding rail and air transport related facilities in beverage serving services without entertainment</p> <p>b. Tour operator services</p> <p>c. Tourist Guides Services</p> | <p>Insert new commitments with “Unbound*” for mode 1, “None” for mode 2&3 and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> <p>Insert new commitments with “None” for mode 1, 2 &3 and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> <p>Modify mode 3 from “Only travel agencies are allowed to supply tourist guide services” to “None”</p> |