

September 22, 2014

Mr. Ian Burney  
Chief Negotiator for Canada  
Ottawa, Canada

Dear Mr. Ian Burney,

I have the honour to confirm the following understandings reached between the delegations of the Republic of Korea and Canada during the course of negotiations regarding Chapters Eight (Investment) and Nine (Cross-Border Trade in Services) of the Free Trade Agreement between our two Governments:

- (1) During the negotiations, the Parties discussed certain measures related to resource recycling and to policies to encourage low-emission motor vehicle distribution. The Parties shared the understanding that these measures relating to: (i) the obligation to recycle products and packaging materials; (ii) the submission of recycling performance plans and results; (iii) payment of applicable recycling levies; (iv) the obligation to distribute a certain percentage of low-emission motor vehicles; and (v) the submission and approval of plans to distribute low-emission motor vehicles are not inconsistent with Article 8.8 (Performance Requirements).
- (2) During the negotiations, the Parties discussed regulations that prohibit an enterprise from concurrently holding two or more business licenses to supply different services. The Parties shared the understanding that, for the purpose of the Free Trade Agreement, such restrictions are not inconsistent with Article 9.4 (Market Access).
- (3) During the negotiations, the Parties discussed existing regulations applicable to the establishment, extension, or transfer of educational institutions within certain geographical areas under the *Seoul Metropolitan Area Readjustment Planning Act* (Law No. 11690, 23 March 2013). The Parties shared the understanding that such restrictions are not inconsistent with Article 9.4 (Market Access).
- (4) During the negotiations, the Parties discussed a measure that allows local higher education institutions to jointly operate curricula only with higher education institutions organised under Korean law, or with foreign higher education institutions that have obtained accreditation from a foreign government or authorised foreign accreditation bodies. The Parties shared the understanding that such a measure is not inconsistent with Articles 8.3 (National Treatment) and 9.2 (National Treatment).

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- (5) During the negotiations, the Parties discussed a measure that may establish requirements regarding the types and quantities of raw materials for producing liquor under the *Liquors Act* (Law No. 11873, 7 June, 2013) and its subordinate regulations. The Parties shared the understanding that such measure is not inconsistent with Article 8.8 (Performance Requirements), provided that it is applied in a manner consistent with the *WTO Agreement on Trade-Related Investment Measures*.
- (6) During the negotiations, the Parties discussed regulations that control a rail transportation company's ability to stop supplying its service, including closure or liquidation of the company. The Parties shared the understanding that such restrictions are not inconsistent with Article 9.4 (Market Access).
- (7) During the negotiations, the Parties discussed regulations on zoning and land use. The Parties shared the understanding that measures concerning zoning and land use are not inconsistent with Article 9.4 (Market Access).

I have the honour to propose that this letter and your letter in reply confirming that your Government shares these understandings shall constitute an integral part of the Free Trade Agreement.

Sincerely,

Kyong-lim Choi  
Chief Negotiator for the Republic  
of Korea