

**FREE TRADE AGREEMENT BETWEEN THE
GOVERNMENT OF THE STATE OF ISRAEL AND
THE GOVERNMENT OF THE REPUBLIC OF KOREA**

PREAMBLE

The Government of the State of Israel (hereinafter referred to as “Israel”) and the Government of the Republic of Korea (hereinafter referred to as “Korea”) (hereinafter referred to as “the Parties”):

RECOGNIZING their longstanding and strong partnership, and desiring to strengthen their close economic relations;

CONVINCED that a free trade area will create an expanded and secure market for goods and services in their countries and a stable and predictable environment for investment, thus enhancing the competitiveness of their firms in global markets;

DESIRING to raise living standards, promote economic growth and stability, create new employment opportunities, and improve the general welfare by liberalizing and expanding trade and investment between them;

SEEKING to establish clear and mutually advantageous rules governing their trade and investment and to reduce or eliminate the barriers to trade and investment between them;

PROMOTING a predictable and transparent business environment that will assist enterprises in planning effectively and using resources efficiently;

RESOLVED to contribute to the harmonious development and expansion of world trade and promoting broader international cooperation;

DESIRING to strengthen mutually beneficial cooperation to foster creativity and innovation, and promote stronger linkage in and between sectors of their economies;

RECOGNIZING that this Agreement should be implemented with a view to promoting sustainable development in a manner consistent with environmental protection and conservation; and

REAFFIRMING and building on their respective rights and obligations under the *Marrakesh Agreement Establishing the World Trade Organization* and other multilateral and bilateral agreements, and arrangements, to which they are both parties;

HAVE AGREED as follows:

CHAPTER 1
INITIAL PROVISIONS AND GENERAL DEFINITIONS

Section A: Initial Provisions

ARTICLE 1.1: ESTABLISHMENT OF A FREE TRADE AREA

Consistent with Article XXIV of GATT 1994 and Article V of GATS, the Parties hereby establish a free trade area in accordance with the provisions of this Agreement.

ARTICLE 1.2: OBJECTIVES

The objectives of this Agreement, as elaborated more specifically in its provisions, are to eliminate obstacles to trade in, and facilitate the movement of, goods and services between the Parties, thereby to promote conditions of fair competition and increase substantially investment opportunities in the free trade area.

ARTICLE 1.3: RELATION TO OTHER AGREEMENTS

1. The Parties affirm their existing rights and obligations with respect to each other under existing bilateral and multilateral agreements to which both Parties are party, including the WTO Agreement or successor agreements of the WTO Agreement to which both Parties are party.

2. In the event of any inconsistency between this Agreement and the agreements referred to in paragraph 1, this Agreement shall prevail, except as otherwise provided in this Agreement.

ARTICLE 1.4: REFERENCE TO OTHER AGREEMENTS

Where this Agreement refers to or incorporates by reference other agreements or legal instruments in whole or in part, those references include related footnotes, interpretative notes, and explanatory notes that are binding on both Parties.

ARTICLE 1.5: EXTENT OF OBLIGATIONS

The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement, including their observance, except as otherwise provided in this Agreement, by local levels of governments and authorities.

ARTICLE 1.6: TERRITORIAL APPLICATION

1. With regard to Korea, this agreement applies to the land, maritime, and air space over which Korea exercises sovereignty, and those maritime areas, including the seabed and subsoil adjacent to and beyond outer limit of the territorial seas over which it may exercise sovereign rights or jurisdiction in accordance with international law and its law.
2. With regard to Israel, this agreement applies to the territory of the State of Israel.

Section B: General Definitions

For the purposes of this Agreement, unless otherwise specified:

Agreement on Agriculture means the *Agreement on Agriculture*, contained in Annex 1A to the WTO Agreement;

covered investment means, with respect to a Party, an investment, as defined in Article 9.31 (Definitions), in its territory of an investor of the other Party that is in existence as of the date of entry into force of this Agreement or established, acquired, or expanded thereafter;

customs duties includes any customs or import duty and a charge of any kind imposed in connection with the importation of a good, including any form of surtax or surcharge in connection with such importation,¹ but does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article III:2 of the GATT 1994, or any equivalent provision of a successor agreement to which both Parties are party;

¹ For greater certainty, “customs duty” includes an adjustment tariff imposed pursuant to Article 69 of Korea’s *Customs Act*.

- (b) duty imposed pursuant to a Party's law consistent with Chapter 7 (Trade Remedies);
- (c) fee or other charge in connection with importation, commensurate with the cost of services rendered; or
- (d) duty imposed pursuant to any agricultural safeguard measure taken under Article 5 of the *Agreement on Agriculture*.

Customs Valuation Agreement means the *Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994*, contained in Annex 1A to the WTO Agreement;

days means calendar days;

enterprise means any entity constituted or organized under applicable law, whether or not for profit, and whether privately or governmentally owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, association, or similar organization;

enterprise of a Party means an enterprise constituted or organized under a Party's law;

existing means in effect on the date this Agreement enters into force;

financial services means any service of a financial nature including those defined in paragraph 5(a) of the *Annex on Financial Services* of GATS;

freely usable currency means "freely usable currency" as determined by the International Monetary Fund under its *Articles of Agreement*;

GATS means the *General Agreement on Trade in Services*, contained in Annex 1B to the WTO Agreement;

GATT 1994 means the *General Agreement on Tariffs and Trade 1994*, contained in Annex 1A to the WTO Agreement;

goods of a Party means domestic products as these are understood in GATT 1994 or such goods as the Parties may agree, and includes originating goods of that Party;

government procurement means the process by which a government obtains the use of or acquires goods or services, or any combination thereof, for governmental purposes and not with a view to commercial sale or resale or use in the production or supply of goods or services for commercial sale or resale;

Harmonized System (HS) means the Harmonized Commodity Description and Coding System, including its General Rules of Interpretation, Section Notes, Chapter Notes, and Sub Heading Notes, and its subsequent amendments as adopted and implemented by the Parties in their respective tariff laws;

Import Licensing Agreement means the *Agreement on Import Licensing Procedures*, contained in Annex 1A to the WTO Agreement;

Joint Committee means the Joint Committee established under Article 19.1(Joint Committee);

measure covers any measure whether in the form of a law, regulation, rule, procedure, decision, administrative action, practice, or any other form;

national means:

- (a) with respect to Korea, a Korean national within the meaning of the *Nationality Act*;² and
- (b) with respect to Israel, as provided for in accordance with its national law;

originating means qualifying under the rules of origin set out in Chapter 3 (Rules of Origin);

person means a natural person or an enterprise;

person of a Party means a national or an enterprise of a Party;

preferential tariff treatment means the duty rate applicable under this Agreement to an originating good;

Safeguards Agreement means the *Agreement on Safeguards*, contained in Annex 1A to the WTO Agreement;

sanitary or phytosanitary measure means any measure referred to in paragraph 1 of Annex A of the SPS Agreement;

SPS Agreement means the *Agreement on the Application of Sanitary and Phytosanitary Measures*, contained in Annex 1A to the WTO Agreement;

state enterprise means an enterprise that is, directly or indirectly owned, or controlled through ownership interests, by a Party;

TBT Agreement means the *Agreement on Technical Barriers to Trade*, contained in Annex 1A to the WTO Agreement;

TRIPS Agreement means the *Agreement on Trade-Related Aspects of Intellectual Property Rights*, contained in Annex 1C to the WTO Agreement;³

WTO means the World Trade Organization; and

WTO Agreement means the *Marrakesh Agreement Establishing the World Trade Organization*, done on April 15, 1994.

² A natural person who is domiciled in the area north of the Military Demarcation Line on the Korean Peninsula shall not be entitled to benefits under this Agreement

³ For greater certainty, "TRIPS Agreement" includes any waiver in force between the Parties of any provision of the TRIPS Agreement granted by WTO Members in accordance with the WTO Agreement.

CHAPTER 2
NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

ARTICLE 2.1: SCOPE

Except as otherwise provided in this Agreement, this Chapter applies to trade in goods between the Parties.

Section A: National Treatment

ARTICLE 2.2: NATIONAL TREATMENT

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994, including its interpretive notes, and to this end Article III of GATT 1994 and its interpretive notes are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Paragraph 1 shall not apply to the measures set out in Annex 2-A.

Section B: Reduction or Elimination of Customs Duties

ARTICLE 2.3: CLASSIFICATION OF GOODS

The classification of goods in trade between the Parties shall be as set out in each Party's respective tariff nomenclature in conformity with the Harmonized System.

ARTICLE 2.4: REDUCTION OR ELIMINATION OF CUSTOMS DUTIES

1. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duty, or adopt any new customs duty, on an originating good.

2. Except as otherwise provided in this Agreement, each Party shall reduce or eliminate its customs duties on originating goods in accordance with its Schedule to Annex 2-B.

3. If at any moment a Party reduces its applied most-favored-nation (hereinafter referred to as “MFN”) customs duty rate after the entry into force of this Agreement, that duty rate shall apply as regards trade covered by this Agreement if and for as long as it is lower than the customs duty rate calculated in accordance with its Schedule included in Annex 2-B.

4. On the request of either Party, the Parties shall consult to consider accelerating the reduction or elimination of customs duties set out in their Schedules to Annex 2-B. Following such consultations, a decision by the Joint Committee on the acceleration of the reduction or elimination of a customs duty on a good shall supersede any duty rate or staging category determined pursuant to the respective Party’s Schedule included in Annex 2-B for that good, in accordance with Article 19.1.3(f).

5. For greater certainty, a Party may:

- (a) raise a customs duty to the level established in its Schedule to Annex 2-B following a unilateral reduction; or
- (b) maintain or increase a customs duty as authorized by the Dispute Settlement Body of the WTO.

Section C: Special Regimes

ARTICLE 2.5: WAIVER OF CUSTOMS DUTIES

1. Neither Party may adopt any new waiver of customs duties, or expand with respect to existing recipients or extend to any new recipient the application of an existing waiver of customs duties, where the waiver is conditioned, explicitly or implicitly, on the fulfillment of a performance requirement.

2. Neither Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.

ARTICLE 2.6: TEMPORARY ADMISSION OF GOODS

1. Each Party shall grant duty-free temporary admission for the following goods, regardless of their origin:

- (a) professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a person who qualifies for temporary entry pursuant to the laws of the importing Party;
- (b) goods intended for display or demonstration;
- (c) commercial samples and advertising films and recordings; and
- (d) goods admitted for sports purposes.

2. Each Party shall, at the request of the person concerned and for reasons its customs authority considers valid, extend the time limit for temporary admission beyond the period initially fixed.

3. Neither Party may condition the duty-free temporary admission of a good referred to in paragraph 1, other than to require that the good:

- (a) be used solely by or under the personal supervision of a national or resident of the other Party in the exercise of the business activity, trade, profession, or sport of that person;
- (b) not be sold or leased while in its territory;
- (c) be accompanied by a security in an amount no greater than the custom duties and any other tax imposed on imports that would otherwise be owed on entry or final importation, releasable on exportation of the good;
- (d) be capable of identification when exported;
- (e) be exported on the departure of the person referenced in subparagraph (a), or within such other period related to the purpose of the temporary admission as the Party may establish, or within one year, unless extended;

- (f) be admitted in no greater quantity than is reasonable for its intended use;
and
- (g) be otherwise admissible into the Party's territory under its law.

4. If any condition that a Party imposes under paragraph 3 has not been fulfilled, the Party may apply the customs duty and any other charge that would normally be owed on the good plus any other charges or penalties provided for under its law.

5. Each Party shall adopt and maintain procedures providing for the expeditious release of goods admitted under this Article. To the extent possible, such procedures shall provide that when such a good accompanies a national or resident of the other Party who is seeking temporary entry, the good shall be released simultaneously with the entry of that national or resident.

6. Each Party shall permit a good temporarily admitted under this Article to be exported through a customs port other than that through which it was admitted.

7. Each Party shall provide that the importer or other person responsible for a good admitted under this Article shall not be liable for failure to export the good on presentation of satisfactory proof to the importing Party that the good has been destroyed within the original period fixed for temporary admission or any lawful extension.

ARTICLE 2.7: GOODS RE-ENTERED AFTER REPAIR OR ALTERATION

1. Neither Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been temporarily exported from its territory to the territory of the other Party for repair or alteration, regardless of whether the repair or alteration:

- (a) could be performed in the territory of the Party from which the good was exported for repair or alteration; or
- (b) has increased the value of the good.

2. Neither Party may apply a customs duty to a good, regardless of its origin, admitted temporarily from the territory of the other Party for repair or alteration.

3. For the purposes of this Article, “repair or alteration” does not include an operation or process that:

- (a) destroys a good’s essential characteristics or creates a new or commercially different good; or
- (b) transforms an unfinished good into a finished good.

ARTICLE 2.8: DUTY-FREE ENTRY OF COMMERCIAL SAMPLES OF NEGLIGIBLE VALUE AND PRINTED ADVERTISING MATERIALS

Each Party shall grant duty-free entry to commercial samples of negligible value, and to printed advertising materials, imported from the territory of the other Party, regardless of their origin, but may require that:

- (a) the samples be imported solely for the solicitation of orders for goods, or services provided from the territory, of the other Party or a non-Party; or
- (b) the advertising materials be imported in packets that each contain no more than one copy of each such material and that neither the materials nor the packets form part of a larger consignment.

Section D: Non-Tariff measures

ARTICLE 2.9: IMPORT AND EXPORT RESTRICTIONS

1. Except as otherwise provided in this Agreement, neither Party may adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party, except in accordance with Article XI of GATT 1994 and its interpretative notes, and to this end Article XI of GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, *mutatis mutandis*.

2. Paragraph 1 shall not apply to the measures set out in Annex 2-A.

3. Where a Party proposes to adopt an export prohibition or restriction regarding a product exported to the other Party due to critical shortage of foodstuffs or other essential products in accordance with 2(a) of Article XI of GATT 1994, the Party shall:

- (a) seek to limit such proposed prohibition or restriction to the extent necessary, giving due consideration to its possible effects on the other Party;
- (b) provide advance notice in writing, to the extent practicable, to the other Party of such proposed prohibition or restriction and its reasons together with its nature and expected duration; and
- (c) on request, provide the other Party with an opportunity for consultation with respect to any matter related to the proposed prohibition or restriction.

4. The Parties understand that the GATT 1994 rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, a Party from adopting or maintaining:

- (a) export and import price requirements, except as permitted in enforcement of countervailing and antidumping duty orders and undertakings;
- (b) import licensing conditioned on the fulfillment of a performance requirement; or
- (c) voluntary export restraints inconsistent with Article VI of GATT 1994, as implemented under Article 18 of the SCM Agreement and Article 8.1 of the AD Agreement.

5. In the event that a Party adopts or maintains a prohibition or restriction on the importation of a good of a non-Party from the territory of the other Party, the Parties, on the request of either Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing, or distribution arrangements in the territory of the other Party.

6. Neither Party may, as a condition for engaging in importation or for the importation of a good, require a person of the other Party to establish or maintain a contractual or other relationship with a distributor in its territory, except if such relationship is required in accordance with each Party's laws and regulations. At the request of a Party, the Party maintaining such laws and regulations shall provide the other Party with an opportunity to consult on any related issues.

7. For greater certainty, paragraph 6 does not prevent a Party from requiring a person referred to in that paragraph to designate an agent for the purposes of facilitating communications between its regulatory authorities and that person.

ARTICLE 2.10: IMPORT LICENSING

1. Neither Party may adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.⁴

2.

(a) Promptly after this Agreement enters into force, each Party shall notify the other Party of its existing import licensing procedures, if any. The notification shall:

(i) include the information specified in Article 5 of the Import Licensing Agreement; and

(ii) be without prejudice as to whether the import licensing procedure is consistent with this Agreement.

(b) Before applying any new or modified import licensing procedure, a Party shall publish, to the extent required by its law, the new procedure or modification on an official government Internet site. To the extent practicable, the Party shall do so at least 30 days before the new procedure or modification takes effect.

⁴ For the purposes of paragraph 1 and for greater certainty, in determining whether a measure is inconsistent with the Import Licensing Agreement, the Parties shall apply the definition of "import licensing" contained in that Agreement.

3. Neither Party may apply an import licensing procedure to a good of the other Party unless the Party has complied with the requirements of paragraph 2 with respect to that procedure. Where exceptional and critical circumstances requiring immediate action make prior notification impossible, the Party may apply forthwith the procedure necessary to deal with the situation and shall inform the other Party immediately thereof.

ARTICLE 2.11: ADMINISTRATIVE FEES AND FORMALITIES

1. Each Party shall ensure that all fees and charges imposed in connection with importation and exportation shall be consistent with their obligations under Article VIII.1 of GATT 1994 and its interpretive notes, which are hereby incorporated into and made a part of this Agreement, *mutatis mutandis*.

2. Neither Party may require consular transactions, including related fees and charges, in connection with the importation of any good of the other Party.

3. Each Party shall make available and maintain through the Internet a current list of the fees and charges it imposes in connection with importation or exportation.

ARTICLE 2.12: EXPORT DUTIES, TAXES, OR OTHER CHARGES

1. Neither Party may adopt or maintain any duty, tax, or other charge on the export of any good to the territory of the other Party, unless the duty, tax, or charge is also adopted or maintained on the good when destined for domestic consumption.

2. Paragraph 1 shall not apply to measures set out in Annex 2-A.

ARTICLE 2.13: STATE TRADING ENTERPRISES

1. The Parties affirm their existing rights and obligations under Article XVII of GATT 1994, its interpretative notes, and the Understanding on the Interpretation of Article XVII of GATT 1994, contained in Annex 1A to the WTO Agreement, which are incorporated into and made part of this Agreement, *mutatis mutandis*.

2. Where a Party requests information from the other Party on individual cases of state trading enterprises, the manner of their operation and the effect of their operations on bilateral trade, the requested Party shall have regard to the need to ensure maximum transparency possible without prejudice to Article XVII.4(d) of GATT 1994 on confidential information.

ARTICLE 2.14: TRADE RELATED NON-TARIFF MEASURES

1. Further to Chapter 16 (Transparency), the Parties recognize the importance of ensuring the transparency of non-tariff measures affecting trade between the Parties and that any such measures should not create an unnecessary obstacle to trade between the Parties.

2. To this end, the Committee on Trade in Goods established in Article 2.17 shall, when a Party identifies a specific non-tariff measure, review the measure and consider approaches that may better facilitate trade between the Parties and present to the Parties the results of its consideration, including any recommendation, within 12 months. If necessary, the results of the consideration and recommendations of the Committee on Trade in Goods shall be submitted to the next meeting of the Joint Committee for consideration or action.

ARTICLE 2.15: TARIFF RATE QUOTA ADMINISTRATION

A Party that has established tariff rate quotas (hereinafter referred to as “TRQs”) as set out in Appendix 2-B-1 shall implement and administer these TRQs in accordance with Article XIII of GATT 1994, including its interpretive notes, and the Import Licensing Agreement.

Section E: Other Measures

ARTICLE 2.16: BALANCE OF PAYMENTS

Where a Party is in serious balance of payments and external financial difficulties, or threat thereof, it may, in accordance with GATT 1994, which includes the Understanding on Balance-of-Payments Provisions of GATT 1994, adopt restrictive import measures. In adopting such measures, the Party shall immediately consult with the other Party.

Section F: Institutional Provisions

ARTICLE 2.17: COMMITTEE ON TRADE IN GOODS

1. The Parties hereby establish a Committee on Trade in Goods, comprising representatives of each Party.
2. The Committee shall meet on the request of a Party or the Joint Committee to consider any matter arising under this Chapter and Chapter 7 (Trade Remedies).
3. The Committee's functions shall include, *inter alia*:
 - (a) monitoring the implementation and administration of this Chapter and Chapter 7 (Trade Remedies);
 - (b) promoting trade in goods between the Parties, including through consultations on accelerating reduction or elimination of customs duties under this Agreement and other issues as appropriate;
 - (c) addressing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures and, if appropriate, referring such matters to the Joint Committee for its consideration; and

- (d) providing a forum for discussion or the exchange of information on matters related to subparagraphs (a) through (c), which may directly or indirectly affect trade between the Parties, with a view to eliminating their negative effects on trade and seeking mutually acceptable alternatives.

Section G: Definitions

ARTICLE 2.18: DEFINITIONS

For the purposes of this Chapter:

AD Agreement means the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*, contained in Annex 1A to the WTO Agreement;

advertising films and recordings means recorded visual media or audio materials, consisting essentially of images and/or sound, showing the nature or operation of goods or services offered for sale or lease by a person established or resident in the territory of a Party, provided that such materials are of a kind suitable for exhibition to prospective customers but not for broadcast to the general public;

commercial samples of negligible value means commercial samples having a value, individually or in the aggregate as shipped, of not more than the amount specified in a Party's laws, regulations, or procedures governing temporary admission, or so marked, torn, perforated, or otherwise treated that they are unsuitable for sale or use except as commercial samples;

consular transactions means requirements that goods of a Party intended for export to the territory of the other Party must first be submitted to the supervision of the consul of the importing Party in the territory of the exporting Party for the purpose of obtaining consular invoices or consular visas for commercial invoices, certificates of origin, manifests, shippers' export declarations, or any other customs documentation required on or in connection with importation;

duty-free means free of customs duty;

goods intended for display or demonstration includes their component parts, ancillary

apparatus, and accessories;

goods admitted for sports purposes means sports requisites for use in sports contests, demonstrations, or training in the territory of the Party into whose territory such goods are admitted;

distributor means a person of a Party who is responsible for the commercial distribution, agency, concession, or representation in the territory of that Party of goods of the other Party;

import licensing means an administrative procedure requiring the submission of an application or other documentation (other than that generally required for customs clearance purposes) to the relevant administrative body as a prior condition for importation into the territory of the importing Party;

performance requirement means a requirement that:

- (a) a given level or percentage of goods or services be exported;
- (b) domestic goods or services of the Party granting a waiver of customs duties or an import license be substituted for imported goods;
- (c) a person benefiting from a waiver of customs duties or an import license purchase other goods or services in the territory of the Party granting the waiver of customs duties or the import license, or accord a preference to domestically produced goods;
- (d) a person benefiting from a waiver of customs duties or an import license produce goods or supply services, in the territory of the Party granting the waiver of customs duties or the import license, with a given level or percentage of domestic content; or
- (e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;

but does not include a requirement that an imported good be:

- (f) subsequently exported;
- (g) used as a material in the production of another good that is subsequently exported;
- (h) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported; or
- (i) substituted by an identical or similar good that is subsequently exported.

printed advertising materials means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks published by trade associations, tourist promotional materials, and posters, that are used to promote, publicize, or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge; and

SCM Agreement means the *Agreement on Subsidies and Countervailing Measures*, contained in Annex 1A to the WTO Agreement.

ANNEX 2-A
EXCEPTIONS TO ARTICLES 2.2, 2.9 AND 2.12

Korean Measures:

Articles 2.2 (National Treatment) and 2.9 (Import and Export Restrictions) shall not apply to an action authorized by the Dispute Settlement Body of the WTO.

Israeli Measures

1. Articles 2.2 and 2.9 shall not apply to:
 - (a) the import of non-Kosher meat pursuant to Israeli law on *Imports of Non-Kosher Meat 1994*, and its amendments.
 - (b) an action authorized by the Dispute Settlement Body of the WTO.
2. Articles 2.9 (Import and Export Restrictions) and 2.12 (Export Duties, Taxes, or Charges) shall not apply to controls and charges maintained by Israel on the export of metal waste and scrap pursuant to the *Trade Levies and Safeguard Measures Law 1991* and the *Import and Export Ordinance (New Version) 1979* and their amendments.

With respect to paragraph 1(a), upon request, Israel shall endeavor to provide any relevant information, and facilitate contacts and consultation with the relevant Israeli authorities in charge of such imports. If, after the date of entry into force of this Agreement, the measure referred to in paragraph 1(a) no longer exists or does not apply to Israel's FTA partners, Israel shall not apply the measure to Korea.

ANNEX 2-B

REDUCTION OR ELIMINATION OF CUSTOMS DUTIES

1. Except as otherwise provided in a Party's Schedule to this Annex, the following staging categories apply to the reduction or elimination of customs duties by each Party pursuant to Article 2.4.2:

- (a) customs duties on originating goods provided for in the items in staging category "0" in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free on the date this Agreement enters into force;
- (b) customs duties on originating goods provided for in the items in staging category "3" in a Party's Schedule shall be removed in three equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year three;
- (c) customs duties on originating goods provided for in the items in staging category "5" in a Party's Schedule shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year five;
- (d) customs duties on originating goods provided for in the items in staging category "6" in a Party's Schedule shall be removed in six equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year six;
- (e) customs duties on originating goods provided for in the items in staging category "7" in a Party's Schedule shall be removed in seven equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year seven;
- (f) customs duties on originating goods provided for in the items in staging category "8" in a Party's Schedule shall be removed in eight equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year eight;
- (g) customs duties on originating goods provided for in the items in staging category "10" in a Party's Schedule shall be removed in ten equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 10;

- (h) customs duties on originating goods provided for in the items in staging category “12” in a Party’s Schedule shall be removed in 12 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 12;
- (i) customs duties on originating goods provided for in the items in staging category “15” in a Party’s Schedule shall be removed in 15 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 15;
- (j) customs duties on originating goods provided for in the items in staging category “16” in a Party’s Schedule shall be removed in 16 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 16;
- (k) customs duties on originating goods provided for in the items in staging category “19” in a Party’s Schedule shall be removed in 19 equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free, effective January 1 of year 19;
- (l) customs duties on originating goods provided for in the items in staging category “MFN-15%” in a Party’s Schedule shall be reduced by fifteen percent and such goods shall remain at 85 percent of the base rate from the date this Agreement enters into force;
- (m) customs duties on originating goods provided for in the items in staging category “MFN-25%” in a Party’s Schedule shall be reduced by twenty five percent and such goods shall remain at 75 percent of the base rate from the date this Agreement enters into force;
- (n) customs duties on originating goods provided for in the items in staging category “MFN-50%” in a Party’s Schedule shall be reduced by fifty percent and such goods shall remain at 50 percent of the base rate from the date this Agreement enters into force;
- (o) customs duties on originating goods provided for in the items in staging category “X” in a Party’s Schedule shall remain at base rates; and
- (p) no obligations regarding customs duties in this Agreement shall apply with respect to items in staging category “Y”.

2. The base rate of customs duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party's Schedule.

3. Interim staged rates shall be rounded down, at least to the nearest tenth of a percentage point. If the rate of duty is expressed in monetary units, the interim staged rates shall be rounded down at least to the nearest Korean won in the case of Korea and at least to the nearest Israeli Shekel in the case of Israel.

4. For the purposes of this Annex and a Party's Schedule, year one means the year the Agreement enters into force as provided in Article 22.5 (Entry into Force and Termination).

5. For the purposes of this Annex and a Party's Schedule, beginning in year two, each annual stage of tariff reduction shall take effect on January 1 of the relevant year.

GENERAL NOTES

TARIFF SCHEDULE OF KOREA

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 January 1, 2016.

GENERAL NOTES

TARIFF SCHEDULE OF ISRAEL

1. Relation to the Customs Tariff and Exemptions and Purchase Tax on Goods Order (hereinafter referred to as “Israeli Customs Tariff”). The provisions of this Schedule are generally expressed in terms of the Israeli Customs Tariff, 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 Israeli Customs Tariff. To the extent that provisions of this Schedule are identical to the corresponding provisions of the Israeli Customs Tariff, the provisions of this Schedule shall have the same meaning as the corresponding provisions of the Israeli Customs Tariff.
2. Base Rates of Customs Duty. The base rates of customs duty set out in this Schedule reflect the Israeli Customs Duty Most-Favoured-Nation rates of duty in effect on January 1, 2016.

APPENDIX 2-B-1

TARIFF RATE QUOTA ADMINISTRATION OF ISRAEL

1. This Appendix applies to tariff rate quotas (“TRQs”) provided for in this Agreement and sets out modifications to the Israeli Customs Tariff that reflect the TRQs that Israel shall apply to certain originating goods under this Agreement. In particular, originating goods of Korea included under this Appendix shall be subject to the rates of customs duty set out in this Appendix in lieu of the rates of customs duty specified in Chapters 1 through 97 of the Israeli Customs Tariff. Notwithstanding any other provisions of the Israeli Customs Tariff, originating goods of Korea in the quantities described in this Appendix shall be permitted entry into the territory of Israel as provided in this Appendix. Furthermore, any quantity of originating goods imported from Korea shall not be counted toward the in-quota amount of any TRQ provided for such goods elsewhere in the Israeli Customs Tariff including in-quota amount pursuant to the WTO Agreement on Agriculture.
2. Upon request of the exporting Party, the importing Party shall provide information to the exporting Party with respect to the administration of the tariff rate quotas of the importing Party regarding the products detailed in this appendix.
3. The TRQs under this Chapter are:

Frozen Chicken Meat

- (a) The annual aggregate quantity of 1000 metric tons originating goods of Korea classified under headings 02071200, 02071400 shall be permitted to enter with 50% of MFN in accordance with staging category “MFN-50%” as described in paragraph 1(n) of Annex 2-B.
- (b) Customs duties on originating goods entered in excess of the quantities set out in subparagraph (a) shall be treated in accordance with staging category “X” as described in paragraph 1(o) of Annex 2-B.

Canned Tuna

- (a) The annual aggregate quantity of 200 metric tons of originating goods of Korea classified under heading 16041490 shall be permitted to enter duty free.

(b) Customs duties on originating goods entered in excess of the quantities set out in subparagraph (a) shall be treated in accordance with staging category “X” as described in paragraph 1(o) of Annex 2-B.

EXPLANATORY NOTE - TARIFF SCHEDULE OF ISRAEL

1. Definition

- (a) **Rate (%)** means a rate of tax calculated as percentage of the value of goods (ad valorem duties);
- (b) **Per Unit Rate (NIS)** means an amount of tax per each Measurement Unit (specific duties);
- (c) **NIS** means New Israel Shekel;
- (e) **Alternative Duties** means a type of Customs Duties under which either ad valorem or specific duties is levied upon goods;
- (f) **Compound Duties** means a type of Customs Duties under which both ad valorem and specific duties are levied upon goods.

2. Application of different types of Customs Duties based on Israeli Base Rate

HSI 2016	Base Rate				Measurement Unit	Quota
	Rate(%)	Per Unit Rate(NIS)	No More than(%)	No Less than(NIS)		
02031100	30	0	0	0	KG	No
03019190	0	2.5	0	0	KG	No
07112000	12	0	0	1.02	KG	No
01041090	0	6.22	170	0	KG	No
02109390	16	417	85	0	TONS	No
15091010	12	4.68	0	5.73	KG	No

(a) Ad valorem Duties

✓ 02031100: 30%

(b) Specific Duties

✓ 03019190: 2.5 NIS per Kg

(c) Alternative Duties

✓ 07112000: 12% or 1.02 NIS per Kg whichever is the greater

✓ 01041090: 6.22 NIS per Kg or 170% whichever is the lower

(d) Compound Duties

✓ 02109390: [16%+417 NIS per Ton] or [85%] whichever is the lower

✓ 15091010: [12%+4.68 NIS per Kg] or [5.73 NIS per Kg] whichever is the greater

EXPLANATORY NOTE –TARIFF SCHEDULE OF KOREA

1. Definition

- (a) **Ad valorem duties** means a rate of tax calculated as percentage of the value of goods;
- (b) **Specific duties** means an amount of tax per each Measurement Unit;
- (c) **Alternative Duties** means a type of Customs Duties under which either ad valorem or specific duties is levied upon goods.

2. Application of different types of Customs Duties based on Korean Base Rate

HSK 2016	Base Rate
2501001010	1%
8523292231	20won/min(at standard speed)
0706101000	30% or 134won/kg, whichever is the greater
3706903020	468won/m or 6.5%

- (a) Ad valorem Duties
 - ✓ 2501001010: 1%
- (b) Specific Duties
 - ✓ 8523292231: 20won/min(at standard speed)
- (c) Alternative Duties

- ✓ 0706101000: 30% or 134won/kg, whichever is the greater
- ✓ 3706903020: 468won/m or 6.5%

For greater certainty, each of the 48 HS Codes indicated with “-” in Tariff Schedule of Korea is derived from the HS Codes in the line above it for the purpose of identifying its specific description. These lines differ in Base Rate from the HS Codes in the line above them.

CHAPTER 3 RULES OF ORIGIN

ARTICLE 3.1: ORIGINATING GOODS

For the purposes of implementing this Agreement, the following goods shall be considered as originating in a Party:

- (a) goods wholly obtained or produced in a Party within the meaning of Article 3.3;
- (b) goods obtained in a Party incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in a Party within the meaning of Article 3.4; or
- (c) goods obtained in a Party exclusively from materials that qualify as originating pursuant to this Chapter.

ARTICLE 3.2: CUMULATION OF ORIGIN

1. Originating goods or materials of a Party, incorporated into a good in the other Party, shall be considered to be originating in the other Party.
2. The Parties may agree to review this Article with a view to providing for other forms of cumulation for the purposes of qualifying goods as originating goods under this Agreement.

ARTICLE 3.3: WHOLLY OBTAINED GOODS

1. The following shall be considered as wholly produced or obtained in a Party:
 - (a) mineral goods and other naturally occurring substances taken or extracted from soil, waters, seabed or subsoil of a Party;
 - (b) plants and vegetable goods grown, harvested, picked or gathered there;
 - (c) live animals born and raised there;
 - (d) goods from live animals as in (c) above;
 - (e) goods obtained by hunting, trapping, collecting, fishing, aquaculture, and capturing conducted within the land, the internal waters or within the territorial sea of a Party;
 - (f) used articles collected there fit only for the recovery of raw materials;
 - (g) waste and scrap resulting from utilization, consumption or manufacturing operations conducted there;

- (h) goods of sea fishing and other goods taken from the waters, seabed or subsoil outside the territorial sea of a Party only by their vessels;
- (i) goods made aboard their factory ships exclusively from goods referred to in (h);
- (j) goods taken or extracted from the waters, seabed, subsoil outside the territorial sea of a Party, provided that the Party has rights to exploit such waters, seabed, or subsoil; and
- (k) goods produced in any of the Parties exclusively from the goods specified in subparagraphs (a) to (j) above.

2. The terms “their vessels” and “their factory ships” in paragraphs 1(h) and 1(i) shall apply only to vessels and factory ships which are flagged and registered or recorded in a Party, in conformity with the law of the said Party;

ARTICLE 3.4: SUFFICIENTLY WORKED OR PROCESSED GOODS

1. For the purposes of Article 3.1(b), goods which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out in the list in Annex 3-A are fulfilled.⁵

2. Those conditions indicate, for all goods covered by this Agreement, the working or processing which must be carried out on non-originating materials used in manufacturing and apply only in relation to such materials. Accordingly, it follows that if non-originating materials undergo sufficient working or processing, which results in an originating good, and when that good is used in the subsequent manufacture of another good, no account shall be taken of the non-originating material contained therein.

ARTICLE 3.5: DE MINIMIS

1. A good that does not undergo a change in tariff classification pursuant to Article 3.4.1 and Annex 3-A shall be considered as originating if:

- (a) the value of all non-originating materials used in its production that do not undergo the required change in tariff classification does not exceed 10 percent of the ex-works price of the good; and
- (b) the good meets all other applicable criteria set forth in this Chapter for qualifying as an originating good. Any of the percentages given in Annex 3-A for the maximum value of non-originating materials are not exceeded through the application of this paragraph.

2. Paragraph 1 shall not apply to:

⁵ If a good is subject to Article 3.4.1, the installation of a substantial software developed in a Party shall be taken into account as a manufacturing process.

- (a) a non-originating material used in the production of a good provided for in Chapters 1 through 14 of the Harmonized System (HS); and
- (b) a non-originating material used in the production of a good provided for in Chapters 15 through 24 of the Harmonized System (HS), unless the non-originating material is provided for in a different subheading from that of the good for which the origin is being determined under this Article.

3. A good provided for in Chapters 50 through 63 of the Harmonized System (HS) that is not an originating good, because certain fibers or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 3-A, shall nonetheless be considered as originating if the total weight of all such fibers or yarns in that component is not more than 10 percent of the total weight of that component.

ARTICLE 3.6: INSUFFICIENT WORKING OR PROCESSING

1. The following operations shall be considered as insufficient working or processing to confer the status of originating goods, whether or not the requirements of Article 3.4 are satisfied:

- (a) preserving operations to ensure that the goods remain in good condition during transport and storage;
- (b) simple⁶ changing of packaging or breaking-up and assembly of packages;
- (c) washing, cleaning, removal of dust, oxide, oil, paint or other coverings;
- (d) simple² painting and polishing operations, including applying oil;
- (e) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- (f) ironing or pressing of textiles;
- (g) operations to colour sugar or form sugar lumps;
- (h) peeling, stoning and shelling, of fruits, nuts and vegetables;
- (i) sharpening, simple² grinding, or simple² cutting;
- (j) sifting, screening, sorting, classifying, grading or matching (including the making-up of sets of articles);
- (k) affixing or printing marks, labels, logos and other like distinguishing signs on goods or their packaging;

⁶ “simple” generally describes activities which need neither special skills nor machines, apparatus or equipment especially produced or installed for carrying out the activity.

- (l) simple² dilution in water or other substances, providing that the characteristics of the goods remain unchanged;
- (m) simple² testing or calibrations;
- (n) simple² placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple² packaging operations;
- (o) simple² assembly of parts of articles to constitute a complete article or disassembly of goods into parts;
- (p) simple mixing⁷ of goods, whether or not of different kinds;
- (q) slaughter of animals; or
- (r) a combination of two or more of the above operations.

2. All operations carried out in a Party on a given good shall be considered together when determining whether the working or processing undergone by that good is to be regarded as insufficient within the meaning of paragraph 1.

ARTICLE 3.7: UNIT OF QUALIFICATION

1. The unit of qualification for the application of the provisions of this Chapter shall be the particular good which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System (HS). It follows that:

- (a) When a good composed of a group or assembly of articles is classified under the terms of the Harmonized System (HS) in a single heading, the whole constitutes the unit of qualification;
- (b) When a consignment consists of a number of identical goods classified under the same heading of the Harmonized System (HS), each good must be taken individually when applying the provisions of this Chapter.

2. Where, under General Rule 5 of the Harmonized System (HS), packaging is included with the good for classification purposes, it shall be included for the purposes of determining origin.

ARTICLE 3.8: ACCOUNTING SEGREGATION

1. Where identical and interchangeable originating and non-originating materials⁸ are

⁷ “simple mixing” generally describes activities which need neither special skills nor machines, apparatus or equipment especially produced or installed for carrying out the activity. However, simple mixing does not include chemical reaction. Chemical reaction means a process (including a biochemical process) which results in a molecule with a new structure by breaking an intramolecular bond.

⁸ “identical and interchangeable materials” means materials being of the same kind and commercial quality, possessing the same technical and physical characteristics, and which

used in the manufacture of a good, those materials shall be physically segregated, according to their origin, during storage.

2. For the purposes of establishing if a good is originating, when in its manufacture are utilized originating and non-originating identical and interchangeable materials, mixed or physically combined, the origin of such materials can be determined by any of the inventory management methods applicable in the Party.

3. Where considerable cost or material difficulties arise in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the customs authorities may authorize the so-called “accounting segregation” method to be used for managing such stocks.

4. This method must be able to ensure that, for a specific reference-period, the number of goods obtained which could be considered as “originating” is the same as that which would have been obtained if there had been physical segregation of the stocks.

5. The customs authorities may grant such authorisations, subject to any conditions deemed appropriate.

6. This method is recorded and applied on the basis of the general accounting principles applicable in the Party where the good was manufactured.

7. The beneficiary of this facilitation may issue or apply for Proofs of Origin, as the case may be, for the quantity of goods which may be considered as originating. At the request of the customs authorities, the beneficiary shall provide a statement of how the quantities have been managed.

8. The customs authorities shall monitor the use made of the authorisation and may withdraw it at any time whenever the beneficiary makes improper use of the authorisation in any manner whatsoever or fails to fulfil any of the other conditions laid down in this Chapter.

ARTICLE 3.9: ACCESSORIES, SPARE PARTS AND TOOLS

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle, which are part of the normal equipment and included in the price thereof or which are not separately invoiced, shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

ARTICLE 3.10: SETS

Sets, as defined in General Rule 3 of the Harmonized System (HS), shall be regarded as originating when all component goods are originating. Nevertheless, when a set is composed of originating and non-originating goods, the set as a whole shall be regarded as originating, provided that the value of the non-originating goods does not exceed 15 percent of the ex-works

cannot be distinguished from one another for origin purposes, once they are incorporated into the finished good.

price of the set.

ARTICLE 3.11: NEUTRAL ELEMENTS

In order to determine whether a good originates, it shall not be necessary to determine the origin of the goods which might be used in its manufacture but which do not enter and which are not intended to enter into the final composition of the good. Neutral elements, for example, will include:

- (a) energy and fuel;
- (b) plant and equipment;
- (c) machines and tools; and
- (d) goods which do not enter into and which are not intended to enter into the final composition of the good.

ARTICLE 3.12: PRINCIPLE OF TERRITORIALITY

1. Except as provided for in Article 3.2 and paragraph 3, the conditions for acquiring originating status set out in Article 3.4 must be fulfilled without interruption in Israel or in Korea.

2. Where originating goods exported from Israel or from Korea to a non-Party, return to the exporting Party, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

- (a) the returning goods are the same as those exported; and
- (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that non-Party or while being exported.

3. Notwithstanding paragraphs 1 and 2, the acquisition of originating status in accordance with the conditions set out in this Chapter shall not be affected by working or processing done outside Israel or Korea on materials exported from Israel or from Korea and subsequently re-imported there, provided that:

- (a) the said materials shall be wholly obtained in Israel or in Korea or have undergone working or processing beyond the operations referred to in Article 3.6 prior to being exported;
- (b) it shall be demonstrated to the satisfaction of the customs authorities that:
 - (i) the re-imported goods have been obtained by working or processing the exported materials;
 - (ii) such working or processing have not resulted in a change of the

classification at a six digit level of the Harmonized System (HS) of the said re-imported goods; and

- (iii) the total added value⁹ acquired outside Israel or Korea by applying the provisions of this Article does not exceed 10 percent of the ex-works price of the end good for which originating status is claimed.
- (c) The provisions of paragraph 3 shall not apply to goods which do not fulfil the conditions set out in Article 3.4; and
- (d) factual information relevant to subparagraphs (a) through (c) will be indicated in the Certificate of Origin, in accordance with Annex 3-C.

4. Notwithstanding Article 3.1, certain goods shall be considered to be originating even if they have undergone working or processing outside Korea, on materials exported from Korea and subsequently re-imported there, provided that the working or processing is done in the areas designated by the Parties pursuant to Annex 3-B.

ARTICLE 3.13: DIRECT TRANSPORT

1. The preferential treatment provided under this Agreement shall apply only to goods, satisfying the requirements of this Chapter, which are transported directly between Israel and Korea. However, goods constituting one single consignment may be transported through other territories with, should the occasion arise, trans-shipment or temporary warehousing in such territories, under the surveillance of the customs authorities therein, provided that:

- (a) they are not intended for trade, consumption or use in the non-Party where the goods were in transit; and
- (b) they do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.

2. Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied to the customs authorities of the importing Party by the production of:

- (a) the transportation documents, such as the airway bill, the bill of lading or the multimodal or combined transportation document, that certify the transport from the country of origin to the importing country;
- (b) a certificate issued by the customs authorities of the non-Party where the goods were in transit, which contains an exact description of the goods, the date and place of the loading and re-loading of the goods in that non-Party, and the conditions under which the good were placed; or

⁹ (a) For the purposes of applying the provisions of paragraph 3, “total added value” shall be taken to mean all costs arising outside Israel or Korea, including the value of the materials incorporated there.

(b) The total added value as detailed in footnote 5(a) shall be considered as non-originating materials for the purposes of Article 3.4.1.

- (c) in the absence of any of the above documents, any other documents that will prove the direct shipment.

3. The Parties agree to discuss, within two years of the date of entry into force of this Agreement, the possibility of a mechanism allowing that originating goods, which are released into a non-Party before being exported to the other Party and did not go through working or processing beyond those defined in Article 3.6, will not lose their originating status, under conditions to be determined by the Parties.

ARTICLE 3.14: EXHIBITIONS

1. Originating goods, sent for exhibition in a non-Party other than Israel or Korea and sold after the exhibition for importation in Israel or in Korea, shall benefit on importation from the provisions of this Agreement, provided it is shown to the satisfaction of the customs authorities that:

- (a) an exporter has consigned these goods from Israel or Korea to the non-Party in which the exhibition is held and has exhibited them there;
- (b) the goods have been sold or otherwise disposed of by that exporter to a person in Israel or in Korea;
- (c) the goods have been consigned during the exhibition or immediately thereafter in the non-Party to which they were sent for exhibition; and
- (d) the goods have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.

2. A Proof of Origin must be issued or made out in accordance with the provisions of this Chapter and submitted to the customs authorities of the importing Party in the normal manner. The name and address of the exhibition must be indicated thereon.

3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises, with a view to the sale of foreign goods, and during which the goods remain under customs control.

ARTICLE 3.15: GENERAL REQUIREMENTS

1. Goods originating in a Party shall, on importation into the other Party, benefit from preferential tariff treatment of this Agreement upon submission in accordance with the law of the importing Party of one of the following Proofs of Origin, which shall be completed in the English language:

- (a) a Certificate of Origin, a specimen of which appears in Annex 3-C; or
- (b) an Origin Declaration given by:

- (i) an approved exporter in accordance with Article 3.19
- (ii) any exporter, where the value of the originating goods does not exceed 1,000 US dollars, in accordance with Article 3.20.

2. Notwithstanding paragraph 1, originating goods within the meaning of this Chapter shall, in the cases specified in Article 3.24, benefit from this Agreement without it being necessary to submit any of the documents referred to above.

ARTICLE 3.16: PROCEDURES FOR THE ISSUANCE OF CERTIFICATES OF ORIGIN

1. For the purposes of this Chapter, Certificate of Origin refers to either an Electronic Certificate of Origin or a Paper Certificate of Origin.

2. Certificates of Origin shall be issued by the Issuing Authorities of the exporting Party, either upon an electronic application or an application in paper form, having been made by the exporter, producer or under the exporter's responsibility by his authorised representative, in accordance with the regulations of the exporting Party.

3. The application form of Certificate of Origin shall be made out in accordance with the law of the exporting Party.

4. The exporter, producer, or his authorised representative under the exporter's responsibility applying for the issuance of a Certificate of Origin shall be prepared to submit at any time, at the request of the customs authorities of the exporting Party, all appropriate documents proving the originating status of the goods concerned, as well as the fulfillment of the other requirements of this Chapter.

5. Certificates of Origin shall be issued if the goods to be exported can be considered as goods originating in the exporting Party in accordance with this Chapter.

6. The Issuing Authorities shall take any steps necessary to verify the originating status of the goods and the fulfillment of the other requirements of this Chapter. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's books or any other check considered appropriate.

7. Each Certificate of Origin will be assigned a specific number by the Issuing Authorities.

8. A Certificate of Origin shall be issued before or at the time of shipment, or within seven working days after shipment.

ARTICLE 3.17: CERTIFICATES OF ORIGIN ISSUED RETROSPECTIVELY

1. Notwithstanding Article 3.16.8, a Certificate of Origin may be issued retrospectively due to involuntary errors, omissions, or other valid causes, within one year from the date of shipment, in cases where a Certificate of Origin has not been issued before or at the time of shipment or within seven working days after shipment.

2. For the implementation of paragraph 1, the exporter, producer, or his authorised representative under the exporter's responsibility must indicate in his application the place and date of exportation of the goods to which the Certificate of Origin relates, and state the reasons for his request.

3. The issuing authorities may issue a Certificate of Origin retrospectively only after verifying that the information supplied in the application of exporter, producer, or his authorised representative under the exporter's responsibility agrees with that in the corresponding file.

4. It shall be indicated on the Certificates of Origin issued in accordance with this Article that they were issued retrospectively in the appropriate field as detailed in Annex 3-C.

ARTICLE 3.18: DUPLICATE CERTIFICATES OF ORIGIN

1. In the event of theft, loss or destruction of a Certificate of Origin in paper form, the exporter, producer, or his authorised representative under the exporter's responsibility may apply to the Issuing Authorities that issued it for a duplicate made out on the basis of the export documents in their possession.

2. It shall be indicated on the Certificates of Origin issued in accordance with this Article that they are duplicates in the appropriate field as detailed in Annex 3-C.

3. The duplicate, which shall bear the date of issue of the original Certificate of Origin, shall take effect as from that date.

ARTICLE 3.19: APPROVED EXPORTER

1. The customs authorities of the exporting Party may authorise any exporter, (hereinafter referred to as "approved exporter"), who exports goods under this Agreement, to make out Origin Declarations, a specimen of which appears in Annex 3-D-1, irrespective of the value of the goods concerned, in accordance with appropriate conditions in the respective law of the exporting Party. An exporter seeking such authorisation must offer to the satisfaction of the customs authorities all guarantees necessary to verify the originating status of the goods as well as the fulfilment of the other requirements of this Chapter.

2. The customs authorities may grant the status of approved exporter, subject to any conditions which they consider appropriate.

3. The customs authorities shall grant to the approved exporter a customs authorisation number which shall appear on the Origin Declaration.

4. The customs authorities shall monitor the use of the authorisation by the approved exporter.

5. The customs authorities may withdraw the authorisation at any time. They shall do so where the approved exporter no longer offers the guarantees referred to in paragraph 1, no longer fulfils the conditions referred to in paragraph 2 or otherwise makes an incorrect use of

the authorisation.

ARTICLE 3.20: CONDITIONS FOR MAKING OUT AN ORIGIN DECLARATION

1. An Origin Declaration as referred to in Article 3.15.1(b) may be made out by an approved exporter within the meaning of Article 3.19 or by any exporter where the value of the originating good does not exceed 1,000 US dollars.
2. The exporter making out an Origin Declaration shall be prepared to submit at any time, at the request of the customs authorities of the exporting Party, all appropriate documents proving the originating status of the goods concerned, as well as the fulfilment of the other requirements of this Chapter.
3. An Origin Declaration shall be made out by the exporter by typing, stamping or printing on the invoice, the delivery note or another commercial document, the declaration, the text of which appears in Annex 3-D-2. If the declaration is hand-written, it shall be written in ink in printed characters.

ARTICLE 3.21: VALIDITY OF PROOFS OF ORIGIN

1. Proofs of Origin shall be valid for 12 months from the date of issue in the exporting Party, and must be submitted within that period to the customs authorities of the importing Party.
2. Proofs of Origin which are submitted to the customs authorities of the importing Party after the final date for presentation specified in paragraph 1 may be accepted for the purposes of applying preferential treatment, where the failure to submit these documents by the final date set is due to exceptional circumstances.
3. In other cases of belated presentation, other than those of paragraph 2, the customs authorities of the importing Party may accept the Proofs of Origin, in accordance with the procedures of the Party where the goods have been submitted, before the said final date.

ARTICLE 3.22: SUBMISSION OF PROOFS OF ORIGIN¹⁰

1. Proofs of Origin shall be submitted to the customs authorities of the importing Party in accordance with the procedures applicable in that Party.
2. The customs authorities may require an importer that claims preferential tariff treatment for a good imported into its territory from the territory of the other Party to make a declaration on the import document provided for in its law, on the basis of a valid Proofs of Origin, that the good qualifies as an originating good.
3. The importing Party shall grant preferential tariff treatment to goods, in cases where

¹⁰ For greater certainty, in Israel, Proofs of Origin shall be submitted to the customs authority no later than the time of customs clearance of the goods, or in the case stipulated in Article 3.22.3, no later than six months from the time of customs clearance, provided that at the time of customs clearance, it was declared that the goods qualify as originating goods.

the importer does not have the Proofs of Origin at the time of importation, provided that:

- (a) if required by the law of the importing Party, the importer had, at the time of importation, indicated to the customs authority of the importing Party his intention to claim preferential tariff treatment; and
- (b) the Proofs of Origin are submitted to the customs authority of the importing Party with the time-limit in accordance with the law of the importing Party.

ARTICLE 3.23: IMPORTATION BY INSTALLMENTS

Where, at the request of the importer and on the conditions laid down by the customs authorities of the importing Party, dismantled or non-assembled goods within the meaning of General Rule 2(a) of the Harmonized System (HS) falling within Sections XVI through XIX or headings 7308 and 9406 of the Harmonized System (HS) are imported by installments, a single Proof of Origin for such goods shall be submitted to the customs authorities upon importation of the first installment.

ARTICLE 3.24: EXEMPTIONS FROM PROOFS OF ORIGIN

1. Goods sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating goods without requiring the submission of a Proof of Origin, provided that such goods are not imported by way of trade and have been declared as meeting the requirements of this Chapter and where there is no doubt as to the veracity of such a declaration. In the case of goods sent by post, this declaration may be made on the customs declaration or on a sheet of paper annexed to that document.
2. Imports which are occasional and consist solely of goods for the personal use of the recipients or travellers or their families shall not be considered as imports by way of trade if it is evident from the nature and quantity of the goods that no commercial purpose is in view.
3. Furthermore, the total value of these goods shall not exceed 1,000 US dollars in the case of small packages or 1,000 US dollars in the case of goods forming part of travellers' personal luggage.

ARTICLE 3.25: SUPPORTING DOCUMENTS

1. The documents referred to in Articles 3.16.4 and 3.20.2 used for the purposes of proving that goods covered by a Certificate of Origin or an Origin Declaration can be considered as goods originating in a Party and fulfill the other requirements of this Chapter, may consist *inter alia* of the following:
 - (a) direct evidence of the processes carried out by the exporter or producer to obtain the goods concerned, contained for example in his accounts or internal bookkeeping;
 - (b) documents proving the originating status of materials used, issued or made in a Party, where these documents are used in accordance with its law;

- (c) documents proving the working or processing of materials in a Party, issued or made out in a Party, where these documents are used in accordance with its law;
- (d) Certificates of Origin or Origin Declaration proving the originating status of materials used, issued or made out in a Party in accordance with this Chapter;
- (e) appropriate evidence concerning working or processing undergone outside a Party by application of Article 3.12, proving that the requirements of that Article have been satisfied.

2. In the case where an operator, situated in a non-Party which is not the exporting Party, issues an invoice covering the consignment, that fact shall be indicated in the Certificate of Origin in accordance with Annex 3-C.

ARTICLE 3.26: PRESERVATION OF PROOFS OF ORIGIN AND SUPPORTING DOCUMENTS

1. The exporter or producer applying for the issue of the Certificate of Origin shall keep for at least five years the documents referred to in Article 3.16.4.

2. The exporter making out an Origin Declaration shall keep for at least five years a copy of this Origin Declaration, as well as the documents referred to in Article 3.20.2.

3. The Issuing Authority in the exporting Party that issued a Certificate of Origin shall keep for at least five years any document relating to the application procedure referred to in Article 3.16.3.

4. The customs authorities of the importing Party shall keep for at least five years the Certificates of Origin and the Origin Declaration or the reference numbers of electronic Certificates of Origin submitted to them.

ARTICLE 3.27: DISCREPANCIES AND FORMAL ERRORS

1. The discovery of slight discrepancies between the statements made in the Proofs of Origin and those made in the documents submitted to the customs authorities for the purposes of carrying out the formalities for importing the goods, shall not *ipso facto* render the Proofs of Origin null and void if it is duly established that this document does correspond to the goods submitted.

2. Obvious formal errors on a Proof of Origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

ARTICLE 3.28: MUTUAL ASSISTANCE

1. The customs authorities of each Party shall provide each other with the addresses of the customs authorities responsible for verifying Certificates and Origin Declarations.

2. In order to ensure the proper application of this Chapter, each Party shall assist each other, through their respective customs authorities, in checking the authenticity of the Certificates of Origin and the Origin Declarations, and the correctness of the information given in these documents.

ARTICLE 3.29: VERIFICATION OF PROOFS OF ORIGIN

1. Subsequent verifications of Proofs of Origin shall be carried out at random or whenever the customs authority of the importing Party has reasonable doubts as to the authenticity of such documents, the originating status of the goods concerned or the fulfilment of the other requirements of this Chapter.

2. For the purposes of implementing paragraph 1, the customs authority of the importing Party shall return the Proofs of Origin, or a copy of these documents, to the customs authority of the exporting Party giving, where appropriate, the reasons for the request for verification. Any documents and information obtained suggesting that the information given on the Proofs of Origin is incorrect shall be forwarded in support of the request for verification.

3. The verification shall be carried out by the customs authority of the exporting Party. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's books or any other check considered appropriate.

4. If the customs authority of the importing Party decides to suspend the granting of preferential treatment to the goods concerned while awaiting the results of the verification, release of the goods shall be offered to the importer subject to any precautionary measures judged necessary.

5. The customs authority requesting the verification shall be informed of the results thereof as soon as possible. These results shall indicate clearly whether the documents are authentic and whether the goods concerned may be considered as goods originating in a party and fulfil the other requirements of this Chapter.

6. If, in cases of reasonable doubt, there is no reply within 10 months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the goods, the requesting customs authority shall, except in exceptional circumstances, refuse entitlement to the preferences.

7. If the customs authority of the importing Party is not satisfied with the results provided by the customs authority of the exporting Party, under exceptional circumstances, the customs authority of the importing Party may conduct a verification in the exporting Party by means of:

- (a) written requests for additional information, documents or explanations, to the customs authority of the exporting Party, concerning the results of the above verification. Such information shall be provided no later than 90 days from the receipt of such request from the customs authority of the importing Party; or
- (b) a verification visit to the premises of the exporter or producer in the exporting Party. To that purpose:

- (i) the customs authority of the importing Party shall deliver a written notification in advance to the customs authority of the exporting Party regarding the intention of the importing Party to conduct a visit at the exporter or the producer's premises;
- (ii) the exporting Party shall set a date of visit upon agreement from the exporter or the producer, the importing Party and the exporting Party. The visit shall be conducted no later than 90 days from the receipt of the written notification by the customs authority of the exporting Party;
- (iii) officials from the exporting Party shall assist the officials from the importing Party in their visit and accompany them at the exporter's premises, unless otherwise is agreed; and
- (iv) the customs authority of the importing Party conducting the verification shall provide the customs authority of the exporting Party with a written determination of whether the goods qualify as originating goods, including findings of fact and the legal basis for the determination.

8. Each Party shall maintain, in accordance with its law, the confidentiality of any information collected pursuant to this Article, and shall protect that information from disclosure that could prejudice the competitive position of the persons providing the information.

9. Information collected by a Party pursuant to this Article may only be disclosed in accordance with the law of the Parties.

ARTICLE 3.30: DISPUTE SETTLEMENT

Where disputes arise in relation to the verification procedures of Article 3.29 which cannot be settled between the customs authorities requesting a verification and the customs authorities responsible for carrying out the verification or where a question is raised by one of those customs authorities as to the interpretation of this Chapter, the matter shall be submitted to the Customs Committee established by the Joint Committee in accordance with Chapter 19 (Administration of the Agreement) of this Agreement. If no solution is reached, Chapter 20 (Dispute Settlement) of this Agreement shall apply. In all cases the settlement of disputes between the importer and the customs authorities of the importing Party shall be under the law of the said Party.

ARTICLE 3.31: TRANSITIONAL PROVISIONS FOR GOODS IN TRANSIT OR STORAGE

The provisions of this Agreement may be applied to goods which comply with the provisions of this Agreement and which on the date of entry into force of this Agreement are either in transit, in the Parties, in temporary storage in customs control or in free zones, subject to the submission to the customs authorities of the importing Party, within 12 months of that date, of a Proof of Origin made out retrospectively together with the documents showing that the goods have been transported directly in accordance with Article 3.13.

ARTICLE 3.32: DEFINITIONS

For the purposes of this Chapter:

- (a) **aquaculture** means the farming of aquatic organisms, including fish, molluscs, crustaceans, other aquatic invertebrates, and aquatic plants, from seed stock such as eggs, fry, fingerlings, and larvae, by intervention in the rearing or growth processes to enhance production, such as regular stocking, feeding, protection from predators, etc;
- (b) **chapters, headings, and subheadings** mean the chapters, the headings, and the subheadings (2-, 4- and 6-digit codes respectively) used in the nomenclature which makes up the Harmonized System (HS);
- (c) **CIF Value** means the value of the goods at the time of importation, including freight and insurance, packing, and all other costs incurred in transporting to the port of importation;
- (d) **classified** refers to the classification of a good or material under a particular heading or sub-heading;
- (e) **consignment** means goods which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;
- (f) **customs value** means the value as determined in accordance with Article VII of GATT 1994 and the Agreement on Implementation of Article VII of GATT 1994 (*Customs Valuation Agreement*);
- (g) **ex-works price** means the price paid for the good ex-works to the manufacturer in a Party in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the good obtained is exported;
- (h) **goods** means both materials and products;
- (i) **Issuing Authorities** refers to:
 - (i) for Korea, the Korea Customs Service and the Korea Chamber of Commerce and Industry; and
 - (ii) for Israel, the Customs Directorate of the Israel Tax Authority of the Ministry of Finance.
- (j) **manufacture** means any kind of working or processing, including assembly or specific operations;

- (k) **material** means any ingredient, raw material, component or part, etc., used in the manufacture of the good;
- (l) **value of non-originating materials** means the customs value at the time of importation of the non-originating materials used, or, if it is not known, its equivalent in accordance with Article VII of GATT 1994 and the Agreement on Implementation of Article VII of GATT 1994 (*Customs Valuation Agreement*);

EXPLANATORY NOTES

Only for the following specific reasons, the preferential treatment may be refused without verification of the Proofs of Origin as they can be considered as inapplicable when:

- (a) the requirements on direct transport of Article 3.13 have not been fulfilled;
- (b) the Origin Declaration has been issued by an exporter from countries other than Korea or Israel;
- (c) the Origin Declaration pursuant to Article 3.15.1(b)(i) has been issued by a person who is not an Approved Exporter;
- (d) the importer fails to submit the Proofs of Origin to the customs authorities of the importing Party within the period specified in the importing Party's law;
- (e) the preferential tariff treatment was applied to a particular good even though the importer was not in possession of the appropriate Proofs of Origin at the time of import declaration and the Proofs of Origin were subsequently produced¹¹;
- (f) the customs authority of the exporting Party fails to reply to the written request pursuant to Article 3.29.7(a);
- (g) the exporter or producer declines a verification visit pursuant to Article 3.29.7(b) through the customs authority of the exporting Party; or
- (h) the issuing authority of the exporting Party or the exporter did not sign the Certificate of Origin.

¹¹ This provision is only applicable to Korea.

ANNEX 3-A
PRODUCT SPECIFIC RULES OF ORIGIN

Part I – General Interpretative Note

1. For the purposes of interpreting the rules of origin set forth in this Annex:
 - (a) the specific rule, or specific set of rules, that applies to a particular heading or subheading is set out immediately adjacent to the heading or subheading;
 - (b) the requirement of a change in tariff classification applies only to non-originating materials;
 - (c) where a specific rule of origin is defined using the criterion of a change in tariff classification, the rule will be considered to be met only if each of the non-originating materials used in the production of the good has undergone the change in tariff classification;
 - (d) where a specific rule of origin is defined using the criterion of a change in tariff classification, and it is written to exclude tariff provisions at the level of a chapter, heading, or subheading of the Harmonized System (HS), it shall be construed to mean that the rule of origin requires that materials classified in those excluded provisions be originating for the good to qualify as originating; and
 - (e) when a heading or subheading is subject to alternative specific rules of origin, the rule will be considered to be met if a good satisfies one of the alternatives.
2. For the purposes of this Annex:

section means a section of the HS;

chapter means a chapter of the HS;

heading means the first four digits in the tariff classification number under the HS; and

subheading means the first six digits in the tariff classification number under the HS.

Part II – Specific Rules of Origin

Section I

LIVE ANIMALS; ANIMAL PRODUCTS (Chapter 1-5)

Chapter 1

Live Animals

0101 – 0106

All the animals of Chapter 1 shall be wholly obtained

Chapter 2

Meat and Edible Meat Offal

0201 - 0210

Manufacture in which all the materials of Chapter 2 used are wholly obtained

Chapter 3

Fish and Crustaceans, Molluscs and Other Aquatic Invertebrates

0301 – 0308

Manufacture in which all the materials of Chapter 3 used are wholly obtained

Chapter 4

Dairy Produce; Birds' Eggs; Natural Honey; Edible Products of Animal Origin, Not Elsewhere Specified or Included

0401 – 0410

Manufacture in which all the materials of Chapter 4 used are wholly obtained

Chapter 5

Products of Animal Origin, Not Elsewhere Specified or Included

0501 – 0511

Manufacture in which all the materials of Chapter 5 used are wholly obtained

Section II

VEGETABLE PRODUCTS (Chapter 6-14)

Chapter 6

Live Trees and Other Plants; Bulbs, Roots and the Like; Cut Flowers and Ornamental Foliage

0601 – 0604

Manufacture in which all the materials of Chapter 6 used are wholly obtained

Chapter 7
Edible Vegetables and Certain Roots and Tubers

0701 – 0714

Manufacture in which all the materials of Chapter 7 used are wholly obtained

Chapter 8
Edible Fruit and Nuts; Peel of Citrus Fruit or Melons

0801 – 0814

Manufacture in which all the materials of Chapter 8 used are wholly obtained

Chapter 9
Coffee, Tea, Maté and Spices

0901 – 0902, 0910.91 – 0910.99

Manufacture from materials of any other subheading

0903 – 0910.30

Manufacture in which all the materials of Chapter 9 used are wholly obtained

Chapter 10
Cereals

1001 – 1008

Manufacture in which all the materials of Chapter 10 used are wholly obtained

Chapter 11
Products of the Milling Industry; Malt; Starches; Inulin; Wheat Gluten

1101 – 1109

Manufacture from materials of any other chapter; or

Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 12
Oil Seeds and Oleaginous Fruits; Miscellaneous Grains, Seeds and Fruit; Industrial or Medicinal Plants; Straw and Fodder

1201 – 1214

Manufacture in which all the materials of Chapter 12 used are wholly obtained

Chapter 13
Lac; Gums, Resins and Other Vegetable Saps and Extracts

1301 – 1302.13, 1302.20 – 1302.39

Manufacture from materials of any other chapter

1302.19

Manufacture from materials of any other chapter, except from subheading 1211.20

Chapter 14

Vegetable Plaiting Materials; Vegetable Products Not Elsewhere Specified or Included

1401 – 1404

Manufacture in which all the materials of Chapter 14 used are wholly obtained

Section III

ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL OR VEGETABLE WAXES (Chapter 15)

Chapter 15

Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes

1501 – 1503, 1505 – 1522

Manufacture from materials of any other heading

1504

Manufacture from materials of any other chapter

Section IV

PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES (Chapter 16-24)

Chapter 16

Preparations of Meat, of Fish or of Crustaceans, Molluscs or Other Aquatic Invertebrates

1601 – 1602

Manufacture from materials of any other heading

1603 – 1605

Manufacture from materials of any other chapter

Chapter 17

Sugars and Sugar Confectionery

1701.12 – 1701.14, 1703 – 1704

Manufacture from materials of any other heading

1701.91 – 1702.90

Manufacture from materials of any other subheading

Chapter 18

Cocoa and Cocoa Preparations

1801 – 1806

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 19

Preparations of Cereals, Flour, Starch or Milk; Pastry Cooks' Products

1901 – 1905

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 20

Preparations of Vegetables, Fruit, Nuts or Other Parts of Plants

2001 – 2009

Manufacture from materials of any other heading

Chapter 21

Miscellaneous Edible Preparations

2101 – 2106

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 22

Beverages, Spirits and Vinegar

2201 – 2209

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 23

Residues and Waste from the Food Industries; Prepared Animal Fodder

2301

Manufacture from materials of any other chapter

2302 – 2309

Manufacture from materials of any other heading

Chapter 24

Tobacco and Manufactured Tobacco Substitutes

2401

All the materials of Chapter 24 shall be wholly obtained

2402 – 2403

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Section V

MINERAL PRODUCTS (Chapter 25-27)

Chapter 25

Salt; Sulphur; Earths and Stone; Plastering Materials, Lime and Cement

2501

All the materials of Chapter 25 shall be wholly obtained

2502 – 2530

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 26

Ores, Slag and Ash

2601 – 2621

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 27

Mineral Fuels, Mineral Oils and Products of Their Distillation; Bituminous Substances; Mineral Waxes

Note:

For the purposes of this chapter, a “chemical reaction” is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of this definition:

- (a) dissolving in water or other solvents;
- (b) the elimination of solvents, including solvent water; or
- (c) the addition or elimination of water of crystallization.

For the purposes of heading 2710, the following processes confer origin:

- (a) Atmospheric distillation: A separation process in which petroleum oils are

converted, in a distillation tower, into fractions according to boiling point and the vapor then condensed into different liquefied fractions.

- (b) Vacuum distillation: Distillation at a pressure below atmospheric but not so low that it would be classed as molecular distillation.

2701 – 2716

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section VI

PRODUCTS OF THE CHEMICAL OR ALLIED INDUSTRIES (Chapter 28-38)

Note 1 :

A good of any chapter or heading in Section VI that satisfies one or more of Rules 1 through 7 of this Section shall be treated as an originating good, except as otherwise specified in those rules.

Note 2:

Notwithstanding Note 1, a good is an originating good if it meets the applicable change in tariff classification or satisfies the applicable value content requirement specified in the rules of origin in this Section.

Rule 1: Chemical Reaction Origin

A good of Chapters 28 through 38, except goods of heading 3828, that results from a chemical reaction in one or both of the Parties shall be treated as an originating good.

Note:

For the purposes of this section, a “chemical reaction” is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of determining whether a good is an originating good:

- (a) dissolving in water or other solvents;
- (b) the elimination of solvents, including solvent water; or
- (c) the addition or elimination of water of crystallization.

Rule 2: Purification

A good of Chapters 28 through 38 that is subject to purification shall be treated as an originating good provided that the purification occurs in one or both of the Parties and results in the

following:

- (a) the elimination of not less than 80 percent of the impurities; or
- (b) the reduction or elimination of impurities resulting in a good suitable:
 - (i) as a pharmaceutical, medicinal, cosmetic, veterinary, or food grade substance;
 - (ii) as a chemical product or reagent for analytical, diagnostic, or laboratory uses;
 - (iii) as an element or component for use in micro-elements;
 - (iv) for specialized optical uses;
 - (v) for non-toxic uses for health and safety;
 - (vi) for biotechnical use;
 - (vii) as a carrier used in a separation process; or
 - (viii) for nuclear grade uses.

Rule 3: Mixtures and Blends

A good of Chapters 30, 31, or 33 through 38, except for heading 3808, shall be treated as an originating good if the deliberate and proportionally controlled mixing or blending (including dispersing) of materials to conform to predetermined specifications, resulting in the production of a good having different essential physical or chemical characteristics that are relevant to the purposes or uses of the good and are different from the input materials, occurs in one or both of the Parties.

Rule 4: Change in Particle Size

A good of Chapters 30, 31, or 33, shall be treated as an originating good if the deliberate and controlled modification in particle size of the good, including micronizing by dissolving a polymer and subsequent precipitation, other than by merely crushing or pressing, resulting in a good having a defined particle size, defined particle size distribution, or defined surface area, which is relevant to the purposes of the resulting good and having different essential physical or chemical characteristics from the input materials, occurs in one or both of the Parties.

Rule 5: Standards Materials

A good of Chapters 28 through 38 shall be treated as an originating good if the production of standards materials occurs in one or both of the Parties.

For the purposes of this rule, “standards materials” (including standard solutions) are

preparations suitable for analytical, calibrating, or referencing uses, having precise degrees of purity or proportions that are certified by the manufacturer.

Rule 6: Isomer Separation

A good of Chapters 28 through 38 shall be treated as an originating good if the isolation or separation of isomers from mixtures of isomers occurs in one or both of the Parties.

Rule 7: Separation Prohibition

A good of Chapters 28 through 38 that undergoes a change from one classification to another in one or more of the Parties as a result of the separation of one or more materials from a man-made mixture shall not be treated as an originating good unless the isolated material underwent a chemical reaction in one or both of the Parties.

Chapter 28

Inorganic Chemicals; Organic or Inorganic Compounds of Precious Metals, of Rare-Earth Metals, of Radioactive Elements or of Isotopes

2801 – 2853

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 29

Organic Chemicals

2901 – 2942

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 30

Pharmaceutical Products

3001 – 3006

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 31

Fertilizers

3101 – 3105

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 32

Tanning or Dyeing Extracts; Tannins and Their Derivatives; Dyes, Pigments and Other Coloring Matter; Paints and Varnishes; Putty and Other Mastics; Inks

3201 – 3215

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 33

Essential Oils and Resinoids; Perfumery, Cosmetic or Toilet Preparations

3301 – 3307

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 34

Soap, Organic Surface-active Agents, Washing Preparations, Lubricating Preparations, Artificial Waxes, Prepared Waxes, Polishing or Scouring Preparations, Candles and Similar Articles, Modeling Pastes, “Dental Waxes” and Dental Preparations with a Basis of Plaster

3401 – 3407

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 35

Albuminoidal Substances; Modified Starches; Glues, Enzymes

3501 – 3507

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 36

Explosives; Pyrotechnic Products; Matches; Pyrophoric Alloys; Certain Combustible Preparations

3601 – 3606

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 37

Photographic or Cinematographic Goods

3701 – 3707

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 38

Miscellaneous Chemical Products

3801 – 3826

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section VII

PLASTICS AND ARTICLES THEREOF; RUBBER AND ARTICLES THEREOF

(Chapter 39-40)

Note 1:

A good of any chapter or heading in Section VII that satisfies one or more of Rules 1 through 5 of this Section shall be treated as an originating good, except as otherwise specified in those rules.

Note 2:

Notwithstanding Note 1, a good is an originating good if it meets the applicable change in tariff classification or satisfies the applicable value content requirement specified in the rules of origin in this Section.

Rule 1: Chemical Reaction Origin

A good of Chapters 39 and 40 that results from a chemical reaction in one or both of the Parties shall be treated as an originating good.

Note:

For purposes of this section, a “chemical reaction” is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule. The following are not considered to be chemical reactions for the purposes of determining whether a good is an originating good:

- (a) dissolving in water or other solvents;
- (b) the elimination of solvents, including solvent water; or
- (c) the addition or elimination of water of crystallization.

Rule 2: Purification

A good of Chapters 39 and 40 that is subject to purification shall be treated as an originating good provided that the purification occurs in one or both of the Parties and results in the

following:

- (a) the elimination of not less than 80 percent of the impurities; or
- (b) the reduction or elimination of impurities resulting in a good suitable:
 - (i) as a pharmaceutical, medicinal, cosmetic, veterinary, or food grade substance;
 - (ii) as a chemical product or reagent for analytical, diagnostic, or laboratory uses;
 - (iii) as an element or component for use in micro-elements;
 - (iv) for specialized optical uses;
 - (v) for non-toxic uses for health and safety;
 - (vi) for biotechnical use;
 - (vii) as a carrier used in a separation process; or
 - (viii) for nuclear grade uses.

Rule 3: Mixtures and Blends

A good of Chapters 39 and 40 shall be treated as an originating good if the deliberate and proportionally controlled mixing or blending (including dispersing) of materials to conform to predetermined specifications, resulting in the production of a good having different essential physical or chemical characteristics that are relevant to the purposes or uses of the good and are different from the input materials, occurs in one or both of the Parties.

Rule 4: Change in Particle Size

A good of Chapter 39 shall be treated as an originating good if the deliberate and controlled modification in particle size of the good, including micronizing by dissolving a polymer and subsequent precipitation, other than by merely crushing or pressing, resulting in a good having a defined particle size, defined particle size distribution, or defined surface area, which is relevant to the purposes of the resulting good and having different essential physical or chemical characteristics from the input materials, occurs in one or both of the Parties.

Rule 5: Isomer Separation

A good of Chapter 39 shall be treated as an originating good if the isolation or separation of isomers from mixtures of isomers occurs in one or both of the Parties.

Chapter 39 Plastics and Articles Thereof

3901 – 3926

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 40
Rubber and Articles Thereof

4001 – 4017

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Section VIII

**RAW HIDES AND SKINS, LEATHER, FURSKINS AND ARTICLES THEREOF;
SADDLERY AND HARNESS; TRAVEL GOODS, HANDBAGS AND SIMILAR
CONTAINERS; ARTICLES OF ANIMAL GUT (OTHER THAN SILK-WORM GUT)**
(Chapter 41-43)

Chapter 41
Raw Hides and Skins (Other Than Furskins) and Leather

4101 – 4115

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 42
Articles of Leather; Saddlery and Harness; Travel Goods, Handbags and Similar Containers; Articles of Animal Gut (Other Than Silk-worm Gut)

4201 – 4206

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 43
Furskins and Artificial Fur; Manufactures Thereof

4301 – 4304

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section IX

WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL; CORK AND ARTICLES OF CORK; MANUFACTURES OF STRAW, OF ESPARTO OR OF OTHER PLAITING MATERIALS; BASKETWARE AND WICKERWORK (Chapter 44-46)

Chapter 44

Wood and Articles of Wood; Wood Charcoal

4401 – 4421

Manufacture from materials of any other heading

Chapter 45

Cork and Articles of Cork

4501 – 4504

Manufacture from materials of any other heading

Chapter 46

Manufactures of Straw, of Esparto or of Other Plaiting Materials, Basketware and Wickerwork

4601 – 4602

Manufacture from materials of any other heading

Section X

PULP OF WOOD OR OF OTHER FIBROUS CELLULOSIC MATERIAL; RECOVERED (WASTE AND SCRAP) PAPER OR PAPERBOARD; PAPER AND PAPERBOARD AND ARTICLES THEREOF (Chapter 47-49)

Chapter 47

Pulp of Wood or of Other Fibrous Cellulosic Material; Recovered (Waste and Scrap) Paper or Paperboard

4701 – 4707

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 48

Paper and Paperboard; Articles of Paper Pulp, of Paper or of Paperboard

4801 – 4823

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 49

Printed Books, Newspapers, Pictures and Other Products of the Printing Industry;

Manuscripts, Typescripts and Plans

4901 – 4911

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section XI

TEXTILES AND TEXTILE ARTICLES (Chapter 50-63)

Chapter 50

Silk

5001 – 5003

Manufacture from materials of any other chapter

5004 – 5007

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 51

Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric

5101 – 5113

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 52

Cotton

5201 – 5212

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 53

Other Vegetable Textile Fibers; Paper Yarn and Woven Fabrics of Paper Yarn

5301 – 5311

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 54

Man-Made Filaments; Strip and the Like of Man-Made Textile Materials

5401 – 5408

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 55
Man-Made Staple Fibers

5501 – 5516

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 56
Wadding, Felt and Nonwovens; Special Yarns; Twine, Cordage, Ropes and Cable and Articles Thereof

5601 – 5609

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 57
Carpets and Other Textile Floor Coverings

5701 – 5705

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 58
Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings, Embroidery

5801 – 5811

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 59
Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles of a Kind Suitable for Industrial Use

5901 – 5911

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the

ex-works price of the good

Chapter 60
Knitted or Crocheted Fabrics

6001 – 6006

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 61
Articles of Apparel and Clothing Accessories, Knitted or Crocheted

6101 – 6117

Manufacture from materials of any other chapter, provided that the good is both cut and sewn or otherwise assembled in one or both of the Parties

Chapter 62
Articles of Apparel and Clothing Accessories, Not Knitted or Crocheted

6201 – 6217

Manufacture from materials of any other chapter, provided that the good is both cut and sewn or otherwise assembled in one or both of the Parties

Chapter 63
Other Made Up Textile Articles; Sets; Worn Clothing and Worn Textile Articles; Rags

6301 – 6308

Manufacture from materials of any other chapter, provided that the good is both cut and sewn or otherwise assembled in one or both of the Parties

6309 – 6310

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Section XII
FOOTWEAR, HEADGEAR, UMBRELLAS, SUN-UMBRELLAS, WALKING-STICKS, SEAT-STICKS, WHIPS, RIDING-CROPS AND PARTS THEREOF; PREPARED FEATHERS AND ARTICLES MADE THEREWITH; ARTIFICIAL FLOWERS; ARTICLES OF HUMAN HAIR (Chapter 64-67)

Chapter 64
Footwear, Gaiters and the Like; Parts of Such Articles

6401 – 6406

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 65
Headgear and Parts Thereof

6501 – 6507

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 66

Umbrellas, Sun Umbrellas, Walking Sticks, Seat-Sticks, Whips, Riding-Crops and Parts Thereof

6601 – 6603

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 67
Prepared Feathers and Down and Articles Made of Feathers or of Down; Artificial Flowers; Articles of Human Hair

6701 – 6704

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section XIII
ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE (Chapter 68-70)

Chapter 68
Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials

6801 – 6815

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 69
Ceramic Products

6901 – 6914

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 70
Glass and Glassware

7001 – 7020

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section XIV
NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMI-PRECIOUS STONES, PRECIOUS METALS, METALS CLAD WITH PRECIOUS METAL, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN (Chapter 71)

Chapter 71
Natural or Cultured Pearls, Precious or Semi-Precious Stones, Precious Metals, Metals Clad with Precious Metal and Articles Thereof, Imitation Jewelry; Coin

7101 – 7118

Manufacture from materials of any other subheading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section XV
BASE METALS AND ARTICLES OF BASE METAL (Chapter 72-83)

Chapter 72
Iron and Steel

7201 – 7229

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 73
Articles of Iron or Steel

7301 – 7326

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 74
Copper and Articles Thereof

7401 – 7419

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 75
Nickel and Articles Thereof

7501 – 7508

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 76
Aluminum and Articles Thereof

7601 – 7616

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 78
Lead and Articles Thereof

7801 – 7806

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 79
Zinc and Articles Thereof

7901 – 7907

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 80
Tin and Articles Thereof

8001 – 8007

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 81
Other Base Metals; Cermets; Articles Thereof

8101 – 8113

Manufacture from materials of any other subheading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 82
Tools, Implements, Cutlery, Spoons and Forks, of Base Metal; Parts Thereof of Base Metal

8201 – 8215

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 83
Miscellaneous Articles of Base Metal

8301 – 8311

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section XVI
MACHINERY AND MECHANICAL APPLIANCES; ELECTRICAL EQUIPMENT; PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, AND TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES (Chapter 84-85)

Note:

When a heading includes both subheadings for goods and subheadings for “parts” and/or “accessories”, the rule applied to such subheading, except to subheadings for “parts” and/or “accessories”, shall be “Manufacture from materials of any other subheading; or Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works prices of the product”, instead of the rules set out as follows.

Chapter 84
Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; Parts Thereof

8401 – 8487

Manufacture from materials of any other heading; or
Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 85

Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles

8501 – 8548

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Section XVII

VEHICLES, AIRCRAFT, VESSELS AND ASSOCIATED TRANSPORT EQUIPMENT (Chapter 86-89)

Chapter 86

Railway or Tramway Locomotives, Rolling-Stock and Parts Thereof; Railway or Tramway Track Fixtures and Fittings and Parts Thereof; Mechanical (Including Electro-Mechanical) Traffic Signalling Equipment of all Kinds

8601 – 8609

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 87

Vehicles Other Than Railway or Tramway Rolling-Stock, and Parts and Accessories Thereof

8701 – 8716

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 88

Aircraft, Spacecraft, and Parts Thereof

8801 – 8805

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Chapter 89

Ships, Boats and Floating Structures

8901 – 8908

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 60% of the ex-works price of the good

Section XVIII

OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; CLOCKS AND WATCHES; MUSICAL INSTRUMENTS; PARTS AND ACCESSORIES THEREOF (Chapter 90-92)

Chapter 90

Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Pars and Accessories Thereof

Note:

When a heading includes both subheadings for goods and subheadings for “parts” and/or “accessories”, the rule applied to such subheading, except to subheadings for “parts” and/or “accessories”, shall be “Manufacture from materials of any other subheading; or Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works prices of the product”, instead of the rules set out as follows.

9001 – 9033

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 91

Clocks and Watches and Parts Thereof

9101 – 9114

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 92

Musical Instruments; Parts and Accessories of Such Articles

9201 – 9209

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section XIX

ARMS AND AMMUNITION; PARTS AND ACCESSORIES THEREOF (Chapter 93)

Chapter 93

Arms and Ammunition; Parts and Accessories Thereof

9301 – 9307

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section XX

MISCELLANEOUS MANUFACTURED ARTICLES (Chapter 94-96)

Chapter 94

Furniture; Bedding, Mattresses, Mattress Supports, Cushions and Similar Stuffed Furnishing; Lamps and Lighting Fittings, Not Elsewhere Specified or Included; Illuminated Signs, Illuminated Name-Plates and the Like; Prefabricated Buildings

9401 – 9406

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 95

Toys, Games and Sport Requisites; Parts and Accessories Thereof

9501 – 9508

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Chapter 96

Miscellaneous Manufactured Articles

9601 – 9619

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

Section XXI

WORKS OF ART, COLLECTORS' PIECES AND ANTIQUES (Chapter 97)

Chapter 97

Works of Art, Collectors' Pieces and Antiques

9701 – 9706

Manufacture from materials of any other heading; or

Manufacture in which the value of non-originating materials used does not exceed 50% of the ex-works price of the good

ANNEX 3-B
COMMITTEE ON OUTWARD PROCESSING ZONES ON THE KOREAN
PENINSULA

1. Recognizing Korea's constitutional mandate and security interests, and both Parties' commitment to promoting peace and prosperity on the Korean Peninsula, and the importance of intra-Korean economic cooperation toward that goal, a Committee on Outward Processing Zones on the Korean Peninsula (hereinafter referred to as the "Committee") is established pursuant to Article 3.12. The Committee shall review whether the conditions on the Korean Peninsula are appropriate for further economic development through the establishment and development of outward processing zones.
2. The Committee shall be comprised of officials of the Parties. The Committee shall meet on the first anniversary of the entry into force of this Agreement and at least once annually thereafter, or at any time as mutually agreed.
3. The Committee shall identify geographic areas that may be designated outward processing zones. The Committee shall determine whether any such outward processing zone has met the criteria to be established by the Committee. The Committee shall also establish a maximum threshold for the value of the total input of the originating final good.

ANNEX 3-C

CERTIFICATE OF ORIGIN

CERTIFICATE OF ORIGIN - ISRAEL- KOREA FTA	
1. Exporter (name, address, country)	2. Certificate no.
3. Importer (name, full address, country)	4. Country of Origin
5. Port of shipment and Transport Details (Optional)	6. Country of destination
7. Observations	8. Commercial invoices
9. Description of goods	

<i>No.</i>	<i>Tariff item number</i>	<i>Description of the goods</i>	<i>Origin Criterion</i>	<i>Gross weight or other measure</i>
<i>ORIGIN CERTIFICATION</i>				

10. Declaration by:

- The Producer**
- The Exporter (if not the producer)**

The undersigned hereby declares that he has read the instructions for filling out this Certificate, and that the goods comply with the origin requirements specified in the Agreement.

Date:

Signature

11. Certification by the Issuing Authority:

We hereby certify the authenticity of this certificate and that it was issued in accordance with the provisions of the Agreement.

Date:

Stamp and signature

CERTIFICATE OF ORIGIN - ISRAEL- KOREA FTA

(Additional Page)

Certificate no :

9. Description of goods

<i>No.</i>	<i>Tariff item number</i>	<i>Description of the goods</i>	<i>Origin Criterion</i>	<i>Gross weight or other measure</i>
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ORIGIN CERTIFICATION

10. Declaration by:

- The Producer**
- The Exporter (if not the producer)**

The undersigned hereby declares that he has read the instructions for filling out this Certificate, and that the goods comply with the origin requirements specified in the Agreement.

Date:

Signature

11. Certification by the Issuing Authority:

We hereby certify the authenticity of this certificate and that it was issued in accordance with the provisions of the Agreement.

Date:

Stamp and signature

INSTRUCTIONS HOW TO FILL OUT CERTIFICATE OF ORIGIN ISRAEL- KOREA

The instructions below apply to both electronic and paper Certificates of Origin.

Box No. 1 – “Exporter”

This box shall bear the details of of the exporter, its name and its address in the exporting country.

Box No. 2 – “Certificate No.”

This box is for the use of the exporting country, which shall fill in the certificate number.

Box No. 3 – “Importer”

This box shall bear the details of the importer of the goods in the country of final destination. If, for commercial reasons it is not possible to designate the importer, the exporter shall complete the box with “Unknown”.

Box No. 4 – "Country of Origin"

This box shall bear the name of the country where the goods in question obtained their originating status.

Box No. 5 – “Port of shipment and Transport Details” (Optional)

This box shall indicate the port of shipment from Korea or from Israel.

Box No. 6 – “Country of Destination”

This box shall bear the name of the country which is the final destination of the goods.

Box No. 7 – “Observations”

This box shall bear observations made by the country of exportation, for example, the mention “DUPLICATE”, “ISSUED RETROSPECTIVELY”, “OUTWARD PROCESSING”, information on production areas (location & postal code¹²).

Box No. 8 – “Commercial Invoices”

This box shall bear the number of the invoices that are covered by the certificate. If, for commercial reasons it is not possible to designate the number of the invoice, the exporter shall complete the box with “Unknown”.

Box No. 9 – “Description of the goods”

This box shall bear a detailed description of all the goods covered by the certificate. The description of goods must be sufficiently detailed to enable the goods to be identified by the Customs Officers examining them as much as possible.

In the field named “No.”, the row number of the goods (index) will be written.

In the field named "Tariff item number" – the HS Code shall be filled at the 6 digit level.

For goods that meet the origin criteria, the exporter and/or producer must indicate the origin criteria met, in the manner shown in the following table:

- (a) The goods wholly obtained or produced in a Party within the meaning of “WO” Article 3.3.
- (b) The goods obtained in a Party incorporating materials which have not “PSR” been wholly obtained there, provided that such materials have undergone sufficient working or processing in a Party within the meaning of Article 3.4.
- (c) The goods obtained in a Party exclusively from materials that qualify as “PE” originating pursuant to Chapter on Rules of Origin
- (d) The goods are produced in outward processing zones as agreed on the “OP” basis of Annex 3-B (COMMITTEE ON OUTWARD PROCESSING ZONES ON THE KOREAN PENINSULA)

¹² The location (including postal code) where the production conferring origination status has taken place.

Lack of correspondence between the origin criterion detailed on the certificate and the actual origin criterion shall not in itself constitute a reason for voiding the certificate.

In the field reserved for the gross weight or other quantity – the gross weight or any other units of quantity of the goods shall be detailed.

* Lack of correspondence between the HS Code detailed on the certificate and the actual classification by the competent authority of the importing country, shall not in itself constitute a reason for voiding the certificate.

Box No. 10 – “Declaration by the Exporter”

The exporter shall indicate in the proper field whether or not he is the producer. If the exporter is also the producer of the goods covered by the certificate, he shall mark the box “Producer”. If not, he shall mark the box “Exporter”.

Box No. 11 – “Certification”

This box shall bear the details of the certifying authority, and shall be signed and stamped by that authority.

ANNEX 3-D-1
APPROVED EXPORTER DECLARATION PURSUANT TO ARTICLE 3.19

The exporter of the goods covered by this document, (customs authorization No.....¹³) declares that, except where otherwise clearly indicated, these goods are of (¹⁴)(location & postal code¹⁵) preferential origin.

¹³ Approved exporter number given by the exporting country.

¹⁴ Country of origin, i.e. Israel or Korea.

¹⁵ The location (including postal code) where the production conferring origination status has taken place.

ANNEX 3-D-2
ORIGIN DECLARATION PURSUANT TO ARTICLE 3.20

The exporter of the goods covered by this document declares that these goods of ⁽¹⁶⁾(location & postal code¹⁷), unless otherwise clearly specified, comply with the provisions of the Free Trade Agreement between the State of Israel and the Republic of Korea.

Place and Date

Signature of the Exporter

¹⁶ Country of origin, i.e. Israel or Korea.

¹⁷ The location (including postal code) where the production conferring origination status has taken place.

CHAPTER 4
CUSTOMS PROCEDURES AND TRADE FACILITATION

ARTICLE 4.1: OBJECTIVES

The objectives of this Chapter are to:

- (a) simplify customs procedures of the Parties;
- (b) ensure predictability, consistency and transparency in the application of customs laws, regulations and administrative procedures of the Parties;
- (c) to the extent possible, ensure the efficient and expeditious clearance of goods;
- (d) facilitate trade between the Parties; and
- (e) promote cooperation between the customs administrations, within the scope of this Chapter.

ARTICLE 4.2: CUSTOMS COOPERATION

1. The Parties shall cooperate in order to ensure:

- (a) the implementation and operation of the provisions of this Agreement governing importations or exportations, including claims for preferential tariff treatment, procedures for making claims for preferential tariff treatment, and verification procedures;

- (b) tariff classification, and the implementation and operation of the *Customs Valuation Agreement*;
- (c) restrictions or prohibitions on imports or exports; and
- (d) other customs matters as the Parties may agree.

2. Each Party shall designate official contact points and provide details thereof to the other Party, with a view to facilitating the effective implementation of this Chapter and Chapter 3 (Rules of Origin). If a matter cannot be resolved through the contact points, it shall be referred to the Committee on Customs as set out in this Chapter.

ARTICLE 4.3: RELEASE OF GOODS

Each Party shall endeavor to ensure that its customs authority adopt or maintain procedures that:

- (a) provide for the release of goods within a period no greater than that required to ensure compliance with its laws and regulations;
- (b) provide for advance electronic submission and processing of information before the physical arrival of goods to enable their release upon arrival; and
- (c) allow goods to be released at the point of arrival, without temporary transfer to warehouses or other facilities.

ARTICLE 4.4: EXPRESS SHIPMENTS

Each Party, according to its laws, regulations and procedures, shall adopt or maintain expedited customs procedures for express shipments while maintaining appropriate customs control and selection. These procedures shall:

- (a) provide a separate and expedited customs procedure for express shipments;
- (b) provide for information necessary to release an express shipment to be submitted and processed electronically before the shipment arrives;
- (c) allow submission of a single manifest covering all goods contained in an express shipment, through, if possible, electronic means;
- (d) to the extent possible, provide for certain goods to be cleared with minimum or alternative documentation; and
- (e) provide for expeditious release of express shipments within a period no greater than that required to ensure compliance with its law.

ARTICLE 4.5: RISK MANAGEMENT

1. In administering customs procedures, each customs authority shall focus resources on high-risk shipments of goods.
2. The above shall not preclude a Party from conducting quality control and compliance reviews, which may require more extensive examinations.

ARTICLE 4.6: AUTHORISED ECONOMIC OPERATOR

Each Party shall promote the implementation of the Authorised Economic Operator (hereinafter referred to as “AEO”) concept according to the *WCO SAFE Framework of Standards*. Acknowledgment of the AEO security status shall be taken into account by the Parties in order to secure the international trade supply chains. In this respect, trade facilitation benefits shall be provided by the customs authority of an importing Party to operators meeting customs security standards and having AEO status granted by the customs authority of any Party.

ARTICLE 4.7: TRANSPARENCY

Each party shall promptly publish or otherwise make publicly available, including on the Internet, its laws, regulations, administrative procedures, and administrative rulings of general application on customs matters that pertain to or affect the operation of this Agreement, so as to enable interested persons to become acquainted with them.

ARTICLE 4.8: PAPERLESS CUSTOMS PROCEDURES

Each Party recognises that electronic filing in trade and in transferring of trade-related information and electronic versions of documents is an alternative to paper-based methods that will significantly enhance the efficiency of trade through reduction of cost and time. Therefore, each Party shall cooperate with a view to implementing and promoting paperless customs procedures.

ARTICLE 4.9: ADVANCE RULINGS

1. In accordance with its law, each Party, prior to the importation of a good, shall provide, through its customs or other competent authorities, for the expeditious issuance of written advance rulings concerning the classification of goods and such other matters as agreed by the Parties.

2. Each Party shall adopt or maintain procedures for the issuance of such advance rulings, including the details of the information required for processing an application for the rulings.

3. A Party may decline to issue an advance ruling if the facts and circumstances forming the basis of the advance ruling are the subject of an investigation or an administrative or judicial review. The Party that declines to issue an advance ruling shall promptly notify the requester in writing, setting forth the relevant facts and the basis for its decision to decline to issue the advance ruling.

4. Each Party shall provide that advance rulings shall be in force from their date of issuance, or another date specified in the ruling. Subject to paragraphs 1 through 3, an advance

ruling shall remain in force provided that the facts or circumstances on which the ruling is based remain unchanged, or for the period specified in the laws, regulations or administrative rulings of the importing Party.

ARTICLE 4.10: UNIFORM PROCEDURES

The Parties shall agree upon uniform procedures that may be necessary for the administration, application and interpretation of this Agreement in customs matters and related topics.

ARTICLE 4.11: REVIEW AND APPEAL

1. Each Party shall provide that the importer, exporter or any other person affected by its determinations, have access to:

- (a) at least one level of administrative review by an institution higher than or independent of the official or authority responsible for the determination under review; and
- (b) judicial review of administrative determinations subject to its laws and regulations.

2. Notice of the decision on appeal shall be given to the appellant.

ARTICLE 4.12: CONFIDENTIALITY

1. A Party shall maintain confidentiality of the information provided by the other Party pursuant to this Chapter and Chapter 3 (Rules of Origin), and protect it from disclosure that could prejudice the competitive position of the person providing the information. Any violation of confidentiality shall be treated in accordance with the legislation of each Party.

2. The above mentioned information shall not be disclosed without the specific permission of the Party providing such information, except to the extent that it may be required to be disclosed for law enforcement purposes or in the course of judicial proceedings.

ARTICLE 4.13: COMMITTEE ON CUSTOMS

1. The Parties agree to establish a Committee on Customs (hereinafter referred to as the "Committee") to address any customs-related issues relevant to:

- (a) the uniform interpretation, application and administration of this Chapter and Chapter 3 (Rules of Origin);
- (b) addressing issues on tariff classification, valuation and determination of the origin of goods for the purposes of this Agreement;
- (c) reviewing of rules of origin;
- (d) including in their bilateral dialogue regular updates on changes in their respective law;
- (e) revising Annex 3-A (Product Specific Rules of Origin) on the basis of the transposition of the HS;
- (f) resolving any issues related to interpretation, application, and administration of this Chapter and Chapter 3 (Rules of Origin), including tariff classification; and
- (g) considering any other customs-related issues, referred to it by the customs authorities of the Parties, by the Parties or by the Joint Committee.

2. The Committee will meet within one year of the date of entry into force of this Agreement and shall meet thereafter as agreed upon by the Parties alternately in Israel or in

Korea.

3. The Committee shall comprise representatives of customs and, if necessary, other competent authorities from each Party and shall draw up its own rules of procedure at its first meeting.

4. The Committee may formulate resolutions, recommendations or opinions which it considers necessary and report to the Parties or to the Joint Committee.

5. The Committee may draft uniform procedures, which it considers necessary, to be submitted to the Joint Committee for its approval.

ARTICLE 4.14: IMPLEMENTATION AND TECHNICAL ISSUES

After consultation, if necessary, both sides may issue any administrative arrangements or agree upon procedures for the implementation of this Chapter and Chapter 3 (Rules of Origin).

CHAPTER 5 SANITARY AND PHYTOSANITARY MEASURES

ARTICLE 5.1: OBJECTIVES

The objectives of this Chapter are to protect human, animal and plant life or health in the territory of each Party while eliminating unnecessary obstacles to trade between the Parties.

ARTICLE 5.2: SCOPE

This chapter shall apply to all SPS measures that may, directly or indirectly, affect trade between the Parties.

ARTICLE 5.3: GENERAL PROVISIONS

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

ARTICLE 5.4: SPS CONTACT POINTS

1. For the purpose of facilitating communication on trade-related SPS matters, the Parties agree to designate Contact Points as follows:

- (a) for Korea, the Ministry of Agriculture, Food and Rural Affairs, or its successor; and
- (b) for Israel, Foreign Trade Administration, Ministry of Economy and Industry, or its successor.

2. The functions of Contact Points may include, but are not limited to:

- (a) exchange information relating to SPS matters, including information on the competent authorities of each Party;
- (b) coordinate the Committee on Sanitary and Phytosanitary Measures referred to in Article 5.6; and
- (c) facilitate any other communication between the Parties on any matter covered by this Chapter.

ARTICLE 5.5: COOPERATION

1. The Parties shall make efforts to enhance the relationship between the Parties' competent authorities. For this purpose, competent authorities of the Parties may:

- (a) enhance regulatory cooperation on SPS measures; and

- (b) promote cooperation on matters related to the implementation of the SPS Agreement and related international standards, guidelines and recommendations within the framework of the relevant international organizations, including the Codex Alimentarius Commission, the World Organization for Animal Health (OIE), and the relevant international and regional organizations operating within the framework of the International Plant Protection Convention (IPPC).
2. The Parties shall exchange information on SPS measures, including proposed SPS measures, which may affect or are likely to affect trade between the Parties.
3. The Parties shall exchange information, including through their competent authorities, regarding any significant, sustained or recurring pattern of non-compliance with a Party's SPS measures and any appropriate remedial action to be undertaken by the exporting Party.
4. When an importing Party imposes an emergency measure, the Party shall notify the exporting Party promptly of the decision and of the relevant information. Pursuant to the acceptance of such notification, the exporting Party may request consultations between the competent authorities. The Parties shall hold a discussion as agreed.

ARTICLE 5.6: COMMITTEE ON SANITARY AND PHYTOSANITARY MEASURES

1. The Parties hereby establish a Committee on Sanitary and Phytosanitary Measures (hereinafter referred to as the "Committee") comprising representatives of each Party's competent authorities who have responsibility for SPS matters.
2. The objective of the Committee is to discuss matters related to the development or application of SPS measures that affect, or may affect, trade between the Parties. For this purpose, the Committee shall:
 - (a) monitor the implementation of this Chapter;
 - (b) enhance mutual understanding of each Party's SPS measures;
 - (c) strengthen communication and cooperation between the Parties' competent authorities responsible for the matters covered by this Chapter;
 - (d) exchange information regarding SPS measures, which may affect trade between the Parties;
 - (e) discuss issues, positions, and agendas for meetings of the WTO Committee on Sanitary and Phytosanitary Measures, the Codex Alimentarius Commission, OIE, the relevant international and regional organizations operating within the framework of the IPPC, and other international and regional forum on food safety and on human, animal, or plant life or health;
 - (f) consult on SPS matters related to the development or application of SPS measures that affect, or may affect, trade between the Parties, or arising under this Chapter;

(g) coordinate cooperative activities on SPS matters referred to in Article 5.5 (Cooperation); and

(h) carry out other functions as mutually agreed by the Parties.

3. The Committee may establish terms of reference for the conduct of its work.

4. The Committee shall meet once a year unless the Parties otherwise agree. The Committee may meet either in person or using available technological means.

5. Each Party shall ensure that appropriate representatives with responsibility for SPS matters participate in the Committee meetings, and all decisions made by the Committee shall be by mutual agreement.

ARTICLE 5.7: DISPUTE SETTLEMENT

Neither Party shall have recourse to Chapter 20 (Dispute Settlement) under this Agreement for any matter arising under this Chapter.

ARTICLE 5.8: DEFINITIONS

For the purposes of this Chapter:

(a) **SPS Agreement** means the *Agreement on the Application of Sanitary and Phytosanitary Measures* in Annex 1A to the WTO Agreement; and

(b) the definitions contained in Annex A to the SPS Agreement shall apply.

ANNEX 5-A

COMPETENT AUTHORITIES

For the purposes of this Chapter, Competent Authority means:

(a) for Korea:

- (i) The Ministry of Agriculture, Food and Rural Affairs (MAFRA) and the Animal and Plant Quarantine Agency (QIA) or its successor;
- (ii) The Ministry of Ocean and Fisheries (MOF) and the National Fishery Products Quality Management Service (NFQS), or its successor;
- (iii) The Ministry of Food and Drug Safety (MFDS) or its successor; and
- (iv) The Ministry of Trade, Industry and Energy (MOTIE) or its successor.

(b) for Israel:

- (i) Plant Protection and Inspection Services (PPIS), Ministry of Agriculture and Rural Development, or its successor;
- (ii) Veterinary Services & Animal Health (IVSAH), Ministry of Agriculture and Rural Development, or its successor;
- (iii) The National Food Service – Ministry of Health, or its successor; and
- (iv) The Institute for supervision and standards of medicinal products– Ministry of Health, or its successor.

CHAPTER 6
TECHNICAL BARRIERS TO TRADE

ARTICLE 6.1: OBJECTIVES

The objectives of this Chapter are to:

- (a) increase and facilitate trade between the Parties, including through enhancing the Parties' implementation of the TBT Agreement;
- (b) ensure that technical regulations, standards and conformity assessment procedures do not create unnecessary obstacles to trade between the Parties; and
- (c) enhance mutual understanding and co-operation between the Parties.

ARTICLE 6.2: SCOPE

1. This Chapter shall apply to the preparation, adoption, and application of all standards, technical regulations, and conformity assessment procedures that may affect trade in goods between the Parties.

2. Notwithstanding paragraph 1, this Chapter shall not apply to:

- (a) technical specifications prepared by a governmental body for its production or consumption requirements which are covered by Chapter 8 (Government Procurement), to the extent they apply; or
- (b) sanitary or phytosanitary measures which are covered by Chapter 5 (Sanitary and Phytosanitary Measures).

ARTICLE 6.3: AFFIRMATION OF THE TBT AGREEMENT

The Parties affirm their existing rights and obligations with respect to each other under the TBT

Agreement, of which Articles 2 through 9 are incorporated into and made part of this Agreement, *mutatis mutandis*.

ARTICLE 6.4: INTERNATIONAL STANDARDS

1. Each Party shall use relevant international standards, guides and recommendations, to the extent provided in Articles 2.4 and 5.4 of the TBT Agreement, as a basis for its technical regulations and conformity assessment procedures.

2. In determining whether an international standard, guide, or recommendation within the meaning of Articles 2 and 5 and Annex 3 of the TBT Agreement exists, each Party shall base its determination on the principles set out in the *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*, adopted on 13 November 2000 by the WTO Committee on Technical Barriers to Trade (Annex 2 to PART 1 of G/TBT/1/Rev13), and any subsequent development thereof.

3. The Parties shall encourage co-operation between their respective organizations in areas of mutual interest, in the context of their participation in international standardizing bodies, to ensure that international standards developed within such organizations are trade facilitating and do not create unnecessary obstacles to international trade.

ARTICLE 6.5: TECHNICAL REGULATIONS

1. Consistent with the TBT Agreement, each Party shall give positive consideration to accepting as equivalent technical regulations of the other Party, even if these regulations differ from its own, provided that it is satisfied that these regulations adequately fulfil the objectives of its own regulations.

2. A Party shall, on the request of the other Party, explain the reasons why it has not accepted a technical regulation of the other Party as equivalent.

3. Each Party shall give positive consideration to a request by the other Party to negotiate arrangements for achieving the equivalence of technical regulations referred to in paragraph 1.

4. A Party shall, on the request of the other Party, explain the reasons why it has not accepted a request by the other Party to negotiate such arrangements.

5. The Parties shall strengthen communications and co-ordination with each other, where appropriate, in the context of discussions on the equivalence of technical regulations and related issues in international fora, such as the WTO Committee on Technical Barriers to Trade.

ARTICLE 6.6: CONFORMITY ASSESSMENT PROCEDURES

1. The Parties recognise that a broad range of mechanisms exists to facilitate the acceptance in a Party's territory of the results of conformity assessment procedures conducted in the other Party's territory. Such mechanisms may include:

- (a) facilitating recognition of co-operative arrangements between accreditation agencies from each other's territory;
- (b) mutually recognizing the results of conformity assessment procedures performed by government-designated bodies located in each other's territory with respect to specific technical regulations;
- (c) recognizing existing regional, international and multilateral recognition agreements and arrangements between or among accreditation bodies or conformity assessment bodies;
- (d) recognizing accreditation procedures for qualifying conformity assessment bodies;
- (e) designating conformity assessment bodies or recognizing the other Party's designation of conformity assessment bodies;
- (f) unilaterally recognizing the results of conformity assessment procedures performed in the other Party's territory;
- (g) accepting a supplier's declaration of conformity; or

- (h) facilitating voluntary arrangements between conformity assessment bodies in the territory of each Party.

2. The Parties shall accept, whenever possible, the results of conformity assessment procedures conducted in the territory of the other Party, even when those procedures differ from its own, provided that those procedures offer a satisfactory assurance of applicable technical regulations or standards equivalent to its own procedures. Where a Party does not accept the results of a conformity assessment procedure conducted in the territory of the other Party, it shall, on request of the other Party, explain the reasons for its decision.

3. Prior to accepting the results of a conformity assessment procedure pursuant to paragraph 2, and in order to enhance confidence in the permanent reliability of each one of the conformity assessment results, the Parties may consult on matters such as the technical competence of the conformity assessment bodies involved. Where a Party considers that a conformity assessment body of the other Party does not fulfil its requirements, it shall explain to the other Party the reasons for its decision.

4. The Parties shall give positive consideration to a request by the other Party to negotiate agreements or arrangements for the mutual recognition of the results of their respective conformity assessment procedures. Within two years after this Agreement enters into force, the Parties shall enter into discussions regarding the possibility of negotiating agreements or arrangements for mutual recognition of the results of their respective conformity assessment procedures in areas mutually agreed upon.

5. The Parties shall intensify their exchange of information on acceptance mechanisms with a view to facilitating the acceptance of conformity assessment results.

ARTICLE 6.7: JOINT CO-OPERATION

1. The Parties shall strengthen their co-operation in the field of standards, technical regulations, and conformity assessment procedures with a view to:

- (a) increasing the mutual understanding of their respective systems;
- (b) enhancing co-operation between the Parties' regulatory agencies in achieving health, safety and environmental objectives;
- (c) facilitating access to their respective markets;

- (d) facilitating trade by implementing good regulatory practices; and
- (e) enhancing co-operation, as appropriate, to ensure that technical regulations and conformity assessment procedures are based on international standards or the relevant parts of them and do not create unnecessary obstacles to trade between the Parties.

2. In order to achieve the objectives set out in paragraph 1, the Parties shall co-operate on regulatory issues, which may include:

- (a) promotion of good regulatory practice based on risk management principles;
- (b) exchange of information with a view to improving the quality and effectiveness of their technical regulations;
- (c) development of joint initiatives for managing risks to health, safety or the environment, and preventing deceptive practices; or
- (d) exchange of market surveillance information where appropriate.

3. The Parties shall seek to identify, develop, and conclude trade facilitating initiatives that are appropriate for particular issues or sectors, including:

- (a) transparency;
- (b) alignment with international standards;
- (c) harmonization or equivalence of technical regulations;
- (d) mechanisms to facilitate acceptance of conformity assessment procedures conducted in the territory of the other Party through mutual recognition agreements or arrangements; and
- (e) understandings reached on compliance issues.

4. On the request of the other Party, a Party shall give favourable consideration to any sector-specific proposal that the other Party makes for further co-operation under this Chapter including:

- (a) promoting the harmonization and use of international standards such as standards developed in the International Electrotechnical Commission (IEC) in the area of low voltage devices; encouraging their national certification bodies to be members of the IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components-Certification Bodies' Scheme (IECEE-CB scheme) and for the national certification bodies to accept each other's IECEE-CB test certificates as the basis for national certification to electric safety requirements in order to reduce duplicative testing and certification requirements; and
- (b) promoting co-operation in the framework established by regional, international and multilateral recognition agreements, including the International Laboratory Accreditation Cooperation (ILAC).

ARTICLE 6.8: TRANSPARENCY

1. In order to enhance the opportunity for the other Party to provide meaningful comments on a proposed technical regulation or conformity assessment procedure, a Party publishing a notice or transmitting a notification in accordance with Article 2.9, 2.10, 5.6 or 5.7 of the TBT Agreement shall include an explanation of the objectives and the rationale for the proposal and how it addresses those matters.

2. Each Party shall allow at least 60 days after it transmits a notification in accordance with Article 2.9 or 5.6 of the TBT Agreement for the other Party to make comments on the proposal in writing, except where urgent problems of safety, health, environmental protection or national security arise or threaten to arise.

3. To the extent practicable, each Party, consistent with its legal system, shall publish proposed technical regulations and proposed conformity assessment procedures that it proposes to adopt, or publish in advance documents that provide a relevant description about such possible new technical regulations or new conformity assessment procedures to allow interested persons to comment.

4. Each Party shall, where consultations respecting the development of technical regulations and conformity assessment procedures are open to the public, permit persons of the other Party to participate on terms no less favourable than those accorded to its own persons.

5. Each Party shall recommend that non-governmental bodies in its territory, where consultations respecting the development of standards are open to the public, permit the participation of persons of the other Party on terms no less favourable than those accorded to its own persons in the consultation process.

6. When appropriate, each Party shall endeavour to publish or otherwise make available to the public, in print or electronically, its responses, or a summary of its responses, to significant comments it receives, no later than the date it publishes the final technical regulation or conformity assessment procedure.

7. On the request of the other Party, a Party shall provide the other Party with information regarding the objective of, and rationale for, a standard, technical regulation, or conformity assessment procedure that the Party has adopted or is proposing to adopt.

ARTICLE 6.9: COMMITTEE ON TECHNICAL BARRIERS TO TRADE

1. The Parties hereby establish a Committee on Technical Barriers to Trade (hereinafter referred to as “the Committee”), which shall comprise representatives of the Parties. The Committee may meet in person, via teleconference, via video-conference or through any other means, as agreed by the Parties.

2. The functions of the Committee shall include:

- (a) monitoring the implementation and administration of this Chapter;
- (b) enhancing co-operation in the development and improvement of standards, technical regulations and conformity assessment procedures;
- (c) ensuring appropriate steps are taken promptly to address any issue that a Party may raise related to the development, adoption, application, or enforcement of technical regulations or conformity assessment procedures;
- (d) considering any sector-specific proposal a Party makes for further co-operation between regulatory authorities, accreditation bodies or conformity assessment bodies, including, where appropriate, between governmental and non-governmental conformity assessment bodies located in the Parties’ territories;

- (e) considering a request that a Party recognise the results of conformity assessment procedures conducted by bodies in the other Party's territory, including a request for the negotiation of an agreement, in a sector proposed by that other Party;
- (f) exchanging information on developments in non-governmental, regional, and multilateral fora engaged in activities related to standards, technical regulations and conformity assessment procedures;
- (g) on the request of the other Party, promptly facilitating technical discussions on any matter arising under this Chapter, which shall be without prejudice to the rights and obligations of the Parties under Chapter 20 (Dispute Settlement);
- (h) taking any other steps the Parties consider will enhance their implementation of the TBT Agreement and facilitate trade in goods between them;
- (i) reviewing this Chapter in light of any developments under the TBT Agreement, and developing recommendations for amendments to the Chapter in light of those developments; and
- (j) establishing working groups to undertake specific tasks under this Chapter.

3. The Committee shall meet within one year of entry into force of this Agreement, or at times mutually agreed by the Parties.

4. The Committee shall be coordinated by the following contact points:

- (a) for Korea, the Korean Agency for Technology and Standards, or its successor; and
- (b) for Israel, the Foreign Trade Administration, the Ministry of Economy and Industry, or its successor.

5. The Parties shall notify each other promptly of any change of their contact points or any changes to the details of the relevant officials.

ARTICLE 6.10: INFORMATION EXCHANGE

A Party shall provide any information or explanation requested by the other Party pursuant to this Chapter in print form or electronically within a reasonable period. A Party shall endeavour to respond to each such request within 60 days.

ARTICLE 6.11: DEFINITIONS

For the purposes of this Chapter:

- (a) the definitions set out in Annex 1 of the TBT Agreement are incorporated into and made part of this Chapter, *mutatis mutandis*; and
- (b) **designation** means the authorisation of a conformity assessment body to perform conformity assessment procedures, by a body with the authority to designate, monitor, suspend or withdraw designation, or remove suspension of conformity assessment bodies within the territories of the Parties.

**CHAPTER 7
TRADE REMEDIES**

Section A: Bilateral Safeguard Measures

ARTICLE 7.1: APPLICATION OF A BILATERAL SAFEGUARD MEASURE

1. If, as a result of the reduction or elimination of a customs duty under this Agreement, an originating good of the other Party is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that the imports of such originating good from the other Party constitute a substantial cause of serious injury, or threat thereof, to a domestic industry producing a like or directly competitive good, the Party may:

- (a) suspend the further reduction of any rate of customs duty on the good provided for under this Agreement;
- (b) increase the rate of customs duty on the good to a level not to exceed the lesser of:
 - (i) the most-favored-nation (MFN) applied rate of duty on the good in effect at the time the action is taken; and
 - (ii) the base rate of customs duty specified in the Schedules included in Annex 2-B (Reduction or Elimination of Customs Duties) pursuant to Article 2.4 (Reduction or Elimination of Customs Duties).

ARTICLE 7.2: CONDITIONS AND LIMITATIONS

1. A Party shall apply a bilateral safeguard measure only following an investigation by the Party's competent authority in accordance with Articles 3 and 4.2(c) of the Safeguards Agreement, and to this end, Articles 3 and 4.2(c) of the Safeguards Agreement are incorporated into and made a part of this Agreement, *mutatis mutandis*.

2. In the investigation described in paragraph 1, the Party shall comply with the requirements of Articles 4.2(a) and 4.2(b) of the Safeguards Agreement, and to this end, Articles 4.2(a) and 4.2(b) of the Safeguards Agreement are incorporated into and made a part of this Agreement, *mutatis mutandis*.

3. Each Party shall ensure that its competent authority completes any such investigation within one year of its date of initiation.

4. 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 one year if the competent authority of the importing Party determines, 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 bilateral safeguard measure, including the period of initial application and any extension thereof, shall not exceed three years; and

(c) beyond the expiration of the transition period, except if the Committee on Trade in Goods decides otherwise.

5. Bilateral safeguard measures may not be applied in the first year of the transition period.

6. Neither Party may apply a bilateral safeguard measure more than once against the same good.

7. A Party shall notify the other Party in writing on initiation of an investigation described in paragraph 1 and shall consult with the other Party in advance of applying a bilateral safeguard measure, with a view to reviewing the information arising from the investigation and exchanging views on the proposed measure, including ways to address any related issues. Such a consultation shall not be construed to prevent the

Party from applying a bilateral safeguard measure pursuant to conditions and limitations set out in this Article.

8. Where the expected duration of the bilateral safeguard measure is over one year, the importing Party shall progressively liberalize it at regular intervals.

9. When a Party terminates a bilateral safeguard measure, the rate of customs duty shall be the rate that, according to the Party's Schedule to Annex 2-B (Reduction or Elimination of Customs Duties), would have been in effect but for the measure.

ARTICLE 7.3: PROVISIONAL MEASURES

1. 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 by its competent authority 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 that such imports constitute a substantial cause of serious injury, or threat thereof, to the domestic industry.

2. Before a Party's competent authority may make a preliminary determination, the Party shall publish a public notice in its official journal setting forth how interested parties, including importers and exporters, may obtain a non-confidential copy of the application requesting a provisional bilateral safeguard measure, and shall provide interested parties at least 20 days after the date it publishes the notice to submit evidence and views regarding the application of a provisional measure. A Party may not apply a provisional measure until at least 45 days after the date its competent authority initiates an investigation.

3. The applying Party shall notify the other Party before applying a bilateral safeguard measure on a provisional basis. At the request of the other Party, the Party intending to take a provisional measure, shall offer the possibility for consultations in advance of applying the provisional measure. If due to critical circumstances, consultations cannot be held prior to applying the provisional measure, the consultations shall take place immediately following the application of the provisional

measure.

4. The duration of any provisional measure shall not exceed 200 days, during which time the Party shall comply with the requirements of Articles 7.2.1 and 7.2.2.

5. The Party shall promptly refund any tariff increases if the investigation described in Article 7.2.1 does not result in a finding that the requirements of Article 7.1 are met. The duration of any provisional measure shall be counted as part of the period described in Article 7.2.4(b).

ARTICLE 7.4: COMPENSATION

1. No later than 30 days after it applies a bilateral safeguard measure, a Party shall afford an opportunity for the other Party to consult with it regarding appropriate trade liberalizing 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 measure. The applying Party shall provide such compensation as the Parties mutually agree.

2. If the Parties are unable to agree on compensation within 30 days after consultations begin, the Party against whose originating good the measure is applied may suspend the application of concessions with respect to originating goods of the applying Party that have trade effects substantially equivalent to the bilateral safeguard measure.

3. The applying Party's obligation to provide compensation under paragraph 1 and the other Party's right to suspend concessions under paragraph 2 shall terminate on the date the bilateral safeguard measure terminates.

4. Any compensation shall be based on the total period of application of the provisional bilateral safeguard measure and of the bilateral safeguard measure.

ARTICLE 7.5: GLOBAL SAFEGUARD MEASURES

1. Each Party retains its rights and obligations under Article XIX of GATT 1994, the Safeguards Agreement and Article V of the Agreement on Agriculture. Unless otherwise provided in this Article, this Agreement does not confer any additional rights or obligations on the Parties with regard to actions taken under Article XIX of GATT 1994, the Safeguards Agreement and Article V of the Agreement on Agriculture, except that a Party taking a global safeguard measure may exclude imports of an originating good of the other Party from that measure if such imports are not a substantial cause of serious injury or threat thereof.

2. The competent investigating authority shall determine whether the imports from the other Party are a substantial cause of serious injury or threat thereof considering such factors as the import share, the change of the import share and the level and change in the level of imports of the other Party.

3. At the request of the other Party, the Party intending to take a global safeguard measure shall provide immediately written notification of all pertinent information on the initiation of a safeguard investigation, the preliminary determination and the final determination of the investigation.

4. Neither Party may apply, with respect to the same good, at the same time:

(a) a bilateral safeguard measure; and

(b) a measure under Article XIX of GATT 1994 and the Safeguards Agreement.

ARTICLE 7.6: DEFINITIONS

For the purposes of Section A:

competent investigating authority means:

- (a) for Korea, the Korea Trade Commission, or its successors; and

- (b) for Israel, the Commissioner of Trade Levies in the Ministry of Economy and Industry or the corresponding unit in the Ministry of Agriculture and Rural Development, or its successors; and

domestic industry means, with respect to an imported good, the producers as a whole of the like or directly competitive good operating in the territory of a Party, or those whose collective output of the like or directly competitive good constitutes a major proportion of the total domestic production of that good;

bilateral safeguard measure means a measure described in Article 7.1;

serious injury means a significant overall impairment in the position of a domestic industry;

threat of serious injury means serious injury that, on the basis of facts and not merely on allegation, conjecture or remote possibility, is clearly imminent; and

transition period means the period from the date of entry into force of this Agreement until 5 years from the date of completion of tariff reduction or elimination in accordance with that Party's schedule of tariff commitments in Annex 2-B.

Section B: Anti-dumping and Countervailing Duties

ARTICLE 7.7: 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. 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 7.8: NOTIFICATION AND CONSULTATION

1. After receipt by a Party’s competent authority of a properly documented anti-dumping application with respect to imports from the other Party, and before initiating an investigation, the Party shall provide written notification at the earliest practicable opportunity to the other party of its receipt of the application and afford the other Party a meeting or other similar opportunities regarding the application, consistent with the Party’s law.

2. After receipt by a Party's competent authority 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 authority regarding the application.

ARTICLE 7.9: UNDERTAKINGS

Each Party shall maintain procedures for the receipt of price undertakings in accordance with its law.

ARTICLE 7.10: 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 7.11: CONSIDERATION OF PUBLIC INTEREST

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

ARTICLE 7.12: PROHIBITION OF ZEROING

When anti-dumping margins are established, assessed, or reviewed under Articles 2, 9.3, 9.5, and 11 of the Anti-Dumping Agreement regardless of the comparison bases under Article 2.4.2 of the Anti-Dumping Agreement, all individual margins, whether positive or negative, should be counted toward the average.

ARTICLE 7.13: PUBLIC HEARING

In accordance with its law, each Party shall take due consideration in holding a public hearing, either upon receipt of written application from interested parties or on its own initiative.

Section C: Institutional Provisions

ARTICLE 7.14: COMMITTEE ON TRADE IN GOODS

The Parties shall discuss matters relating to this Chapter within the Committee on Trade in Goods established pursuant to Article 2.17(Committee on Trade in Goods).

CHAPTER 8 GOVERNMENT PROCUREMENT

ARTICLE 8.1: OBJECTIVES

1. The Parties recognize their interest in further expanding bilateral participation in each Party's government procurement market.
2. The Parties recognize their shared interest in promoting international liberalization of government procurement markets in the context of the rules-based international trading system.

ARTICLE 8.2: GENERAL PROVISIONS

1. The provisions of the *Annex to the WTO Protocol Amending the GPA* (hereinafter referred to as the "revised GPA") and the coverage schedules committed by each Party thereto, are incorporated and made part of this Agreement, *mutatis mutandis*.
2. For the purposes of promoting consistency with the revised GPA, should further amendments be made to the revised GPA, those amendments to which both Parties are party shall be incorporated in this Agreement, except as agreed by the Parties pursuant to the amendment procedure referred to in Article 22.2. (Amendments).
3. Nothing in this Chapter shall be construed to derogate from either Party's rights or obligations under the revised GPA.

ARTICLE 8.3: TRANSPARENCY

Summary Notice

1. For the purposes of this Chapter, regarding covered procurement, each Party, including its procuring entities, shall use English as the language for publishing the summary notice for each case of intended procurement. The notice shall contain at least the following information:
 - (a) the subject matter of the procurement;
 - (b) the final date for the submission of tenders or, where applicable, any final date for the submission of requests for participation in the procurement or for inclusion on a multi-use list; and
 - (c) the address from which documents related to the procurement may be requested.

Tendering Procedures

2. If, in tendering procedures regarding covered procurement, a procuring entity allows tenders to be submitted in several languages, one of those languages shall be English.

ARTICLE 8.4: FURTHER NEGOTIATIONS

If, after the entry into force of this Agreement, a Party accords to a non-party greater access to its government procurement market than the access that is accorded to the other Party, that Party may, at the request of the other Party, enter into negotiations regarding the extension of the same access to the other Party on a reciprocal basis.

ARTICLE 8.5: COMMITTEE ON GOVERNMENT PROCUREMENT

1. Recognizing the ongoing work of the WTO Committee on Government Procurement, the Parties shall endeavor to cooperate in pursuing issues of mutual interest.

2. The Parties hereby establish a Committee on Government Procurement, which shall meet as mutually agreed to address matters including:

- (a) monitoring the implementation of this Chapter;
- (b) facilitating cooperation to increase mutual understanding of each Party's government procurement system;
- (c) exchanging relevant information;
- (d) exploring market access expansion; and
- (e) any other matter related to the operation of this Chapter.

3. For the purposes of paragraph 2, each Party hereby designates the following as its enquiry point to facilitate communication between the Parties on any matter regarding government procurement:

- (a) for Korea, Ministry of Trade, Industry and Energy or its successor; and
- (b) for Israel, Foreign Trade Administration, Ministry of Economy and Industry or its successor.

CHAPTER 9
INVESTMENT

Section A: Investment

ARTICLE 9.1: SCOPE

1. This Chapter shall apply to measures adopted or maintained by a Party relating to:

- (a) investors of the other Party;
- (b) covered investments; and
- (c) with respect to Article 9.9, all investments in the territory of the Party.¹⁸

2. For greater certainty, subject to Article 9.17.2, this Chapter does not bind either Party in relation to any act or fact that took place or any situation that ceased to exist before the date of entry into force of this Agreement.¹⁹

3. For the purposes of this Chapter, **measures adopted or maintained by a Party** means measures adopted or maintained by:

- (a) central or local governments and authorities; and

¹⁸ For greater certainty, an investor of a non-Party shall not claim any right based on this Chapter.

¹⁹ This paragraph shall not be construed so as to preclude an investor who made any investments before the date of entry into force of this Agreement from submitting an arbitration claim pursuant to Article 9.17.2.

- (b) non-governmental bodies in the exercise of powers delegated by central or local governments or authorities.

4. Notwithstanding paragraph 1, this Chapter shall not apply to financial services, as defined in Article 1.7 (Definitions).

5. This Chapter shall apply to measures adopted or maintained by the Party relating to a posted bond or financial security, only to the extent that such bond or financial security is a covered investment.

ARTICLE 9.2: RELATION TO OTHER CHAPTERS

In the event of any inconsistency between this Chapter and another Chapter, the other Chapter shall prevail to the extent of the inconsistency.

ARTICLE 9.3: NATIONAL TREATMENT

1. Each Party shall accord to investors of the other Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, maintenance, use, enjoyment and sale or other disposition of investments in its territory.

2. Each Party shall accord to covered investments treatment no less favorable than that it accords, in like circumstances, to investments in its territory of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, maintenance, use, enjoyment and sale or other disposition of investments.

ARTICLE 9.4: MOST-FAVoured-NATION TREATMENT

1. Each Party shall accord to investors of the other Party treatment no less favorable than that it accords, in like circumstances, to investors of any non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, maintenance, use, enjoyment and sale or other disposition of investments in its territory.

2. Each Party shall accord to covered investments treatment no less favorable than that it accords, in like circumstances, to investments in its territory of investors of any non-Party with

respect to the establishment, acquisition, expansion, management, conduct, operation, maintenance, use, enjoyment and sale or other disposition of investments.

3. For greater certainty, the treatment referred to in this Article (MFN) does not encompass definitions, or investor-state dispute settlement procedures, or mechanisms including those set out in Section B.

ARTICLE 9.5: GENERAL TREATMENT

1. Each Party shall accord to covered investments treatment in accordance with applicable customary international law, including fair and equitable treatment and full protection and security.

2. The concepts of "fair and equitable treatment" and "full protection and security" in this Article do not require treatment in addition to or beyond that which is required by the applicable rules of customary international law and do not create additional substantive rights. For greater certainty:

- (a) "fair and equitable treatment" includes the obligation not to deny justice in criminal, civil, or administrative adjudicatory proceedings; and
- (b) "full protection and security" requires each Party to provide the level of police protection required under applicable customary international law.

3. A determination that there has been a breach of another provision of this Agreement, or of a separate international agreement, does not establish that there has been a breach of this Article.

ARTICLE 9.6: LOSSES AND COMPENSATION

1. Notwithstanding Article 9.12.6(b), a Party shall accord to investors of the other Party, and to covered investment, with respect to restitution, indemnification, compensation or other settlement relating to losses suffered by investments in its territory owing to war, other armed conflict, revolution, revolt, insurrection, civil disturbance, riot or other such similar activity in its territory, treatment no less favorable than that it accords, in like circumstances, to its own investors and their investments or investors of any non-Party and their investments. Any

compensation shall be effectively realizable, freely transferable and freely convertible at the market exchange rate into freely usable currencies.

2. Without prejudice to paragraph 1, if an investor of a Party, in the situations referred to in paragraph 1, suffers a loss in the territory of the other Party resulting from:

- (a) requisitioning of its covered investment or part thereof by the latter's forces or authorities; or
- (b) destruction of its covered investment or part thereof by the latter's forces or authorities, which was not caused in combat action or was not required by the necessity of the situation,

the latter Party shall provide the investor with restitution or compensation for such loss. Any compensation shall be without undue delay, adequate, and effective, freely transferable and freely convertible at the market exchange rate into freely usable currencies.

3. Paragraph 1 shall not apply to existing measures relating to subsidies or grants that would be inconsistent with Article 9.3 but for Article 9.12.6(b).

ARTICLE 9.7: EXPROPRIATION AND COMPENSATION²⁰

1. No Party may expropriate or nationalize a covered investment either directly or indirectly through measures equivalent to expropriation or nationalization (expropriation), except:

- (a) for a public purpose;
- (b) in a non-discriminatory manner; and
- (c) on payment of prompt, adequate, and effective compensation.

2. The compensation referred to in paragraph 1(c) shall:

²⁰ Article 9.7 shall be interpreted in accordance with Annex 9-A.

- (a) be paid without delay;
- (b) be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place (the date of expropriation);
- (c) not reflect any change in value occurring because the intended expropriation had become known earlier; and
- (d) be fully realizable and freely transferable.

3. If the fair market value is denominated in a freely usable currency, the compensation referred to in paragraph 1(c) shall be no less than the fair market value on the date of expropriation, plus interest at a commercially reasonable rate for that currency, accrued from the date of expropriation until the date of payment.

4. If the fair market value is denominated in a currency that is not freely usable, the compensation referred to in paragraph 1(c) – converted into the currency of payment at the market rate of exchange prevailing on the date of payment – shall be no less than:

- (a) the fair market value on the date of expropriation, converted into a freely usable currency at the market rate of exchange prevailing on that date, plus
- (b) interest, at a commercially reasonable rate for that freely usable currency, accrued from the date of expropriation until the date of payment.

5. Without prejudice to Section B, the investors affected shall have a right, under the law of the Party making the expropriation, to prompt review, by a judicial or other independent authority of that Party, of the legality of the expropriation and of the valuation of their investment, in accordance with the principles set out in this Article.

6. This Article shall not apply to the issuance of compulsory licenses granted in relation to intellectual property rights in accordance with the TRIPS Agreement, or to the revocation, limitation, or creation of intellectual property rights, to the extent that such issuance, revocation, limitation, or creation is consistent with Chapter 14 (Intellectual Property Rights) or the TRIPS Agreement.

ARTICLE 9.8: TRANSFERS²¹

1. Each Party shall permit all transfers relating to a covered investment to be made freely and without delay into and out of its territory. Such transfers include:

- (a) contributions to capital, including the initial contribution;
- (b) profits, dividends, capital gains, and proceeds from the sale of all or any part of the covered investment or from the partial or complete liquidation of the covered investment;
- (c) interest, royalty payments, management fees, and technical assistance and other fees or other current incomes accruing from investments;
- (d) payments made under a contract, including a loan agreement;
- (e) payments made pursuant to Article 9.6.1 and 9.6.2 and Article 9.7; and
- (f) payments arising out of a dispute.

2. Each Party shall permit transfers relating to a covered investment to be made in a freely usable currency at the market rate of exchange prevailing at the time of transfer provided that the investor has complied with all his fiscal obligations to that Party.

3. Notwithstanding paragraphs 1 through 2, a Party may prevent a transfer through the equitable, non-discriminatory, and good faith application of its laws relating to:

- (a) bankruptcy, insolvency, or the protection of the rights of creditors;

²¹ For greater certainty, Annex 9-E shall apply to Article 9.8.

- (b) issuing, trading, or dealing in securities, futures, options, or derivatives;
- (c) criminal or penal offenses;
- (d) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities; or
- (e) ensuring compliance with orders or judgments in judicial or administrative proceedings.

ARTICLE 9.9: PERFORMANCE REQUIREMENTS

1. No Party may, in connection with the establishment, acquisition, expansion, management, conduct, operation, maintenance, use, enjoyment and sale or other disposition of an investment in its territory of an investor of the other Party or of a non-Party, impose or enforce any requirement or enforce any commitment or undertaking:

- (a) to export a given level or percentage of goods or services;
- (b) to achieve a given level or percentage of domestic content;
- (c) to purchase, use, or accord a preference to goods produced or services provided in its territory, or to purchase goods or services from persons in its territory;
- (d) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment;
- (e) to restrict sales of goods or services in its territory that such investment produces or supplies by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;
- (f) to transfer technology, a production process or other proprietary knowledge to a natural person or an enterprise in its territory, except those undertaken in a

manner not inconsistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the WTO Agreement; or

- (g) to supply exclusively from the territory of the Party the goods that such investment produces or the services that it supplies to a specific regional market or to the world market.

2. The provisions of paragraph 1 do not preclude either Party from conditioning the receipt or continued receipt of an advantage, in connection with the establishment, acquisition, expansion, management, conduct, operation, maintenance, use, enjoyment and sale or other disposition of an investment in its territory of an investor of the other Party or of a non-Party, on compliance with²²:

- (a) any requirement other than the requirements set forth in subparagraphs 1(b), 1(c), 1(d), and 1(e);
- (b) a requirement to locate production, supply or acquire a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its territory;
- (c) the requirements set forth in subparagraphs 1(b) and 1(c), when the requirements relating to the content of goods necessary to qualify for preferential tariffs or preferential quotas are imposed by an importing Party; or
- (d) the requirements set forth in subparagraphs 1(b) and 1(c), when the requirements relating to goods or services with respect to export promotion and foreign aid program.

3. Paragraphs 1 and 2 shall not be construed to provide an investor of a Party a right to submit to arbitration under Section B a claim that the other Party has breached an obligation set forth in paragraphs 1 and 2 against a non-Party.

²² For greater certainty, nothing in paragraph 1 shall be construed to prevent a Party, in connection with the establishment, acquisition, expansion, management, conduct, operation, or sale or other disposition of an investment of an investor of a Party or of a non-Party in its territory, from imposing or enforcing a requirement or enforcing a commitment or undertaking to locate production, supply a service, train or employ workers, construct or expand particular facilities, or carry out research and development in its territory, provided that such activity is consistent with paragraph 1(f).

4. Paragraphs 1 and 2, with regards to an investment of an investor of a non-Party, shall not apply until both Parties, individually, have undertaken such an obligation in any existing or future free trade area agreements referred to in Article XXIV GATT with any non-Party.

5. Paragraphs 1(a), (b), and (c) do not apply to qualification requirements for goods or services with respect to export promotion and foreign aid programs.

6. Subparagraph 1(f) shall not apply when the requirement is imposed or the commitment or undertaking is enforced by a court of justice, administrative tribunal, or competition authority to remedy a violation of competition laws.

7. This Article does not preclude enforcement of any commitment, undertaking or requirement between private parties, where a Party did not impose or require the commitment, undertaking or requirement.

ARTICLE 9.10: SENIOR MANAGEMENT AND BOARDS OF DIRECTORS

1. No Party may require that an enterprise of that Party that is a covered investment appoint to senior management positions natural persons of any particular nationality.

2. A Party may require that a majority or less of the board of directors, or any committee thereof, of an enterprise of that Party that is a covered investment, be a national of that Party or resident in the territory of the Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

ARTICLE 9.11: DENIAL OF BENEFITS

1. A Party may deny the benefits of this Chapter to an investor of the other Party that is an enterprise of such other Party and to investments of that investor if persons of a non-Party own or control the enterprise and the denying Party:

- (a) does not maintain normal economic relation with the non-Party; or

- (b) adopts or maintains measures with respect to the non-Party or a person of the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise or to its investments.

2. For the purpose of this Article, an enterprise is:

- (a) "owned" by an investor if more than 50 percent of the equity interest in it is beneficially owned by the investor; and
- (b) "controlled" by an investor if the investor has the power to name a majority of its directors or otherwise to legally direct its actions.

ARTICLE 9.12: NON-CONFORMING MEASURES

1. Articles 9.3, 9.4, 9.9, and 9.10 do not apply to:

- (a) any existing non-conforming measure that is maintained by a Party at
 - (i) the central level of government, as set out by that Party in its Schedule to Annex I; or
 - (ii) a local level of government;²³
- (b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a); or

²³ For Korea, **local level of government** means a local government as defined in the *Local Autonomy Act*.

- (c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before amendment, with Article 9.3, 9.4, 9.9, or 9.10.

2. Subparagraph 1(c) shall not apply until both Parties, individually, have undertaken the obligation specified in subparagraph 1(c) in any existing or future free trade area agreement or similar arrangements covering investment liberalization provisions with any non-Party. Until such time, Article 9.3, 9.4, 9.9 and 9.10 shall not apply to an amendment to any non-conforming measure referred to in subparagraph 1(a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the entry into force of the Agreement, with Article 9.3, 9.4, 9.9, or 9.10.²⁴

3. Articles 9.3, 9.4, 9.9, and 9.10 do not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors, or activities, as set out in its Schedule to Annex II.

4. No Party may, under any measure adopted after the date of entry into force of this Agreement and covered by its Schedule to Annex II, require an investor of the other Party, by reason of its nationality, to sell or otherwise dispose of an investment existing at the time the measure becomes effective.

5. Articles 9.3 and 9.4 do not apply to any measure that is an exception to, or derogation from, the obligations under Section A (General Provisions) of Chapter 14 (Intellectual Property Rights) as specifically provided in that Section.

6. Articles 9.3, 9.4, 9.9, and 9.10 do not apply to:

²⁴ A claim that a Party has breached an obligation set forth in subparagraph 1(c) shall not be subject to arbitration under Section B until both Parties, individually, have undertaken the obligation specified in subparagraph 1(c) and adopted investor-state dispute settlement mechanism in any existing or future free trade area agreements or similar arrangements with any non-Party.

- (a) government procurement; or
- (b) subsidies or grants provided by a Party, including government-supported loans, guarantees, and insurance.

7. Each Party recognizes the importance of reviewing from time to time the non-conforming measures specified in its Schedules in Annexes I and II exploring the possibility for the reduction or elimination of the non-conforming measures.

ARTICLE 9.13: SPECIAL FORMALITIES AND INFORMATION REQUIREMENTS

1. Nothing in Article 9.3 shall be construed to prevent a Party from adopting or maintaining a measure that prescribes special formalities in connection with covered investments, such as a requirement that covered investments be legally constituted or registered under the requirements of its laws or regulations, provided that such formalities do not materially impair the protections afforded by the Party to investors of the other Party and covered investments pursuant to this Chapter.

2. Notwithstanding Articles 9.3 and 9.4, a Party may require an investor of the other Party or its covered investment to provide information concerning that investment solely for informational or statistical purposes. The Party shall protect any confidential business information from any disclosure that would prejudice the competitive position of the investor or the covered investment. Nothing in this paragraph shall be construed to prevent a Party from otherwise obtaining or disclosing information in connection with the equitable and good faith application of its law.

ARTICLE 9.14: SUBROGATION

1. Where a Party or a designated agency of a Party makes a payment to any of its investors under a guarantee, a contract of insurance, or other form of indemnity, against non-commercial risks it has granted in respect to an investment of an investor of that Party, the other Party shall recognize the subrogation of any right or claim the investor would have possessed under this Chapter in respect to the investment.

2. Where a Party or the agency authorized by that Party has made a payment to its investor and has taken over rights and claims of the investor, that investor shall not, unless authorized to act on behalf of the Party or agency authorized by the Party making the payment, pursue those rights and claims against the other Party.

ARTICLE 9.15: EXCEPTIONS

1. Article 9.4 shall not be construed so as to oblige one Party to extend to the investors or covered investments of the other Party the benefit of any treatment, preference or privilege resulting from:

- (a) any existing customs union, common market, economic or monetary union, free trade area or similar international agreement, to which either Party is a party;
- (b) any future customs union, common market, economic or monetary union, free trade area or similar international agreement, to which either Party will be a party;
- (c) any existing or future bilateral or multilateral agreement concerning intellectual property; or
- (d) any agreement for the promotion and protection of investments concluded between either Party and a third state, that was signed before the entry into force of this Agreement.

2. Subparagraph 1(b) shall cease to apply when both Parties, individually, are party to a customs union, common market, economic or monetary union, free trade area or similar international agreement, which does not include the exception in subparagraph 1(b).

ARTICLE 9.16: DURATION AND TERMINATION

In respect of investments made while this Agreement is in force, the provisions of this Chapter shall continue in effect with respect to such investments for a period of 10 years after the date

of termination of this Agreement, except insofar as those Articles extend to the establishment or acquisition of covered investments, and without prejudice to the application thereafter of the rules of general international law.

ARTICLE 9.17: TERM OF THE BILATERAL INVESTMENT TREATY

1. Subject to paragraph 2, the Parties hereby agree that the Bilateral Investment Treaty, as well as all the rights and obligations derived from the said Treaty, will cease to have effect on the date of entry into force of this Agreement.

2. Any and all investments made pursuant to the Bilateral Investment Treaty before the entry into force of this Agreement will be governed by the rules of the said Treaty regarding any matter arising while that Treaty was in force. An investor may only submit an arbitration claim pursuant to the Bilateral Investment Treaty, regarding any matter arising while the said Treaty was in force, in accordance with the rules and procedures established in it, and provided that no more than three years have elapsed since the date of entry into force of this Agreement.

Section B: Investor-State Dispute Settlement

ARTICLE 9.18: CONSULTATION AND NEGOTIATION

In the event of an investment dispute, the claimant and the respondent shall initially seek to resolve the dispute through consultation and negotiation, which may include the use of non-binding, third-party procedures.

ARTICLE 9.19: SUBMISSION OF A CLAIM TO ARBITRATION

1. In the event that a disputing party considers that an investment dispute cannot be settled by consultation and negotiations, the claimant may submit to arbitration under this Section a claim that the respondent has breached an obligation under Section A, provided that such breach causes loss or damage to the investor or its investments.
2. The extent of the claim referred to in paragraph 1 shall not exceed the monetary value of the loss or damage caused to the investor as a result of the breach mentioned in paragraph 1.
3. Before submitting any claim to arbitration under this Section, a claimant shall deliver to the respondent a written notice of its intention to submit the claim to arbitration (notice of intent). The notice shall specify:
 - (a) the name and address of the claimant;
 - (b) for each claim, the provision of this Agreement, alleged to have been breached and any other relevant provisions;
 - (c) the legal and factual basis for each claim; and
 - (d) the relief sought and the approximate amount of damages claimed.

4. Provided that six months have elapsed since submission of the notice of intent, a claimant may submit a claim referred to in paragraph 1:

- (a) under the ICSID Convention and the ICSID Rules of Procedure for Arbitration Proceedings, provided that both the respondent and the non-disputing Party are parties to the ICSID Convention;
- (b) under the ICSID Additional Facility Rules, provided that either the respondent or the non-disputing Party is a party to the ICSID Convention;
- (c) under the UNCITRAL Arbitration Rules; or
- (d) if the claimant and respondent agree, under any other arbitration rules.

5. A claim shall be deemed submitted to arbitration under this Section when the claimant's notice of, or request for, arbitration (notice of arbitration):

- (a) referred to in paragraph 1 of Article 36 of the ICSID Convention is received by the Secretary-General;
- (b) referred to in Article 2 of Schedule C of the ICSID Additional Facility Rules is received by the Secretary-General;
- (c) referred to in Article 3 of the UNCITRAL Arbitration Rules, together with the statement of claim referred to in Article 20 of the UNCITRAL Arbitration Rules, are received by the respondent; or
- (d) referred to under any arbitral rules selected under paragraph 4(d) is received by the respondent.

A claim asserted by the claimant for the first time after such notice of arbitration is submitted shall be deemed submitted to arbitration under this Section on the date of its receipt under the applicable arbitral rules.

6. The arbitration rules applicable under paragraph 4, and in effect on the date the claim or claims were submitted to arbitration under this Section, shall govern the arbitration except as provided in this Agreement.

7. The claimant shall provide with the notice of arbitration:

- (a) the name of the arbitrator that the claimant appoints; or
- (b) the claimant's written consent for the Secretary-General to appoint that arbitrator.

ARTICLE 9.20: CONSENT OF EACH PARTY TO ARBITRATION

1. Each Party consents to the submission of a claim to arbitration under this Section in accordance with this Agreement.

2. The consent under paragraph 1 and the submission of a claim to arbitration under this Section shall satisfy the requirements of:

- (a) Chapter II (Jurisdiction of the Centre) of the ICSID Convention and the ICSID Additional Facility Rules for written consent of the parties to the dispute; and
- (b) Article II of the New York Convention for an "agreement in writing."

ARTICLE 9.21: CONDITIONS AND LIMITATIONS ON CONSENT OF EACH PARTY

1. No claim may be submitted to arbitration under this Section if more than three years have elapsed from the date the claimant first acquired, or should have first acquired, knowledge of the breach alleged under Article 9.19.1 and knowledge that the claimant has incurred loss or damage.

2. No claim may be submitted to arbitration under this Section unless:

- (a) the claimant consents in writing to arbitration in accordance with the procedures set out in this Agreement;
- (b) the notice of arbitration is accompanied, for claims submitted to arbitration under Article 9.19.1, by the claimant's written waiver of any right to initiate or continue before any administrative tribunal or court under the law of either Party, or other dispute settlement procedures, any proceeding with respect to any measure alleged to constitute a breach referred to in Article 9.19; and
- (c) no judgment or award has been delivered on the subject matter of the dispute with regard to any measure alleged to constitute a breach referred to in Article 9.19 before any administrative tribunal or court under the law of either Party, or other dispute settlement procedures.

3. The claimant may initiate or continue an action that seeks interim injunctive relief and does not involve the payment of monetary damages before a judicial or administrative tribunal of the respondent, provided that the action is brought for the sole purpose of preserving the claimant's rights and interests during the pendency of the arbitration.

ARTICLE 9.22: SELECTION OF ARBITRATORS

1. Unless the disputing parties otherwise agree, the tribunal shall comprise three arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties.

2. The Secretary-General shall serve as appointing authority for an arbitration under this Section. If the Secretary-General is a national of either Party or a national of a non-Party that does not maintain diplomatic relations with either Party or otherwise prevented from discharging the said function, the Deputy Secretary-General shall be invited to make the appointment.

3. If a tribunal has not been constituted within 90 days of the date a claim is submitted to arbitration under this Section, the Secretary-General, on the request of a disputing party, shall appoint, in his or her discretion, the arbitrator or arbitrators not yet appointed. The Secretary-General shall not appoint a national of either Party as the presiding arbitrator unless the disputing parties otherwise agree.

4. For the purposes of Article 39 of the ICSID Convention and Article 7 of Schedule C to the ICSID Additional Facility Rules, and without prejudice to an objection to an arbitrator on a ground other than nationality:

- (a) the respondent agrees to the appointment of a national of the other Party to a tribunal established under the ICSID Convention or the ICSID Additional Facility Rules; and
- (b) a claimant referred to in Article 9.19.1 may submit a claim to arbitration under this Section, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the claimant agrees in writing to the appointment of a national of the other disputing party as a member of the tribunal.

ARTICLE 9.23: CONDUCT OF THE ARBITRATION

1. Unless the disputing parties agree otherwise, the place of arbitration shall be in the territory of a State that is a party to the New York Convention.

2. The non-disputing Party may make oral and written submissions to the tribunal regarding the interpretation of this Agreement. On the request of a disputing Party, the non-disputing Party should resubmit its oral submission in writing.

3. After consulting the disputing parties, the tribunal may allow a party or entity that is not a disputing party to file a written *amicus curiae* submission according to the Annex 9-F (Amicus Curiae) with the tribunal regarding a matter within the scope of the dispute. In determining whether to allow such a filing, the tribunal shall consider, among other things, the extent to which:

- (a) the *amicus curiae* submission would assist the tribunal in the determination of a factual or legal issue related to the proceeding by bringing a perspective, particular knowledge, or insight that is different from that of the disputing parties;
- (b) the *amicus curiae* submission would address a matter within the scope of the dispute; and

- (c) the *amicus curiae* has a significant interest in the proceeding.

The tribunal shall ensure that the *amicus curiae* submission does not disrupt the proceeding or unduly burden or unfairly prejudice either disputing party, and that the disputing parties are given an opportunity to present their observations on the *amicus curiae* submission.

4. Without prejudice to a tribunal's authority to address other objections as a preliminary question, a tribunal shall address and decide as a preliminary question any objection by the respondent that, as a matter of law, a claim submitted is not a claim for which an award in favor of the claimant may be made under Article 9.29.

- (a) Such objection shall be submitted to the tribunal as soon as possible after the tribunal is constituted, and in no event later than the date the tribunal fixes for the respondent to submit its counter-memorial or, in the case of an amendment to the notice of arbitration, the date the tribunal fixes for the respondent to submit its response to the amendment.
- (b) On receipt of an objection under this paragraph, the tribunal shall suspend any proceedings on the merits, establish a schedule for considering the objection consistent with any schedule it has established for considering any other preliminary question, and issue a decision or award on the objection, stating the grounds therefor.
- (c) In deciding an objection under this paragraph, the tribunal shall assume to be true claimant's factual allegations in support of any claim in the notice of arbitration (or any amendment thereof) and, in disputes brought under the UNCITRAL Arbitration Rules, the statement of claim referred to in Article 20 of the UNCITRAL Arbitration Rules. The tribunal may also consider any relevant facts not in dispute.
- (d) The respondent does not waive any objection as to competence or any argument on the merits merely because the respondent did or did not raise an objection under this paragraph or make use of the expedited procedure set out in paragraph 5.

5. In the event that the respondent so requests within 45 days of the date the tribunal is constituted, the tribunal shall decide on an expedited basis an objection under paragraph 4 and any objection that the dispute is not within the tribunal's competence. The tribunal shall suspend any proceedings on the merits and issue a decision or award on the objection(s), stating the grounds therefor, no later than 150 days after the date of the request. However, if a disputing party requests a hearing, the tribunal may take an additional 30 days to issue the decision or award. Regardless of whether a hearing is requested, a tribunal may, on a showing of extraordinary cause, delay issuing its decision or award by an additional brief period, which may not exceed 30 days.

6. When it decides a respondent's objection under paragraph 4 or 5, the tribunal may, if warranted, award to the prevailing disputing party reasonable costs and attorney's fees incurred in submitting or opposing the objection. In determining whether such an award is warranted, the tribunal shall consider whether either the claimant's claim or the respondent's objection was frivolous, and shall provide the disputing parties a reasonable opportunity to comment.

7. A respondent may not assert as a defense, counterclaim, or right of set-off, or for any other reason, that the claimant has received or will receive indemnification or other compensation for all or part of the alleged damages pursuant to an insurance or guarantee contract, except with respect to any subrogation as provided for in Article 9.14.

8. A tribunal may order an interim measure of protection to preserve the rights of a disputing party, or to ensure that the tribunal's jurisdiction is made fully effective, including an order to preserve evidence in the possession or control of a disputing party or to protect the tribunal's jurisdiction. A tribunal may not order attachment or enjoin the application of a measure alleged to constitute a breach referred to in Article 9.19. For the purposes of this paragraph, an order includes a recommendation.

9. (a) In any arbitration conducted under this Section, at the request of a disputing party, a tribunal shall, before issuing a decision or award on liability, transmit its proposed decision or award to the disputing parties and to the non-disputing Party. Within 60 days after the date the tribunal transmits its proposed decision or award, the disputing parties may submit written comments to the tribunal concerning any aspect of its proposed decision or award. The tribunal shall consider any such comments and issue its decision or award no later than 45 days after the date the 60-day comment period expires.

- (b) Subparagraph (a) shall not apply in any arbitration conducted pursuant to this Section for which an appeal has been made available pursuant to paragraph 10 or Annex 9-C.

10. If a separate, multilateral agreement enters into force between the Parties that establishes an appellate body for the purposes of reviewing awards rendered by tribunals constituted pursuant to international trade or investment arrangements to hear investment disputes, the Parties may negotiate an agreement that would have such appellate body review awards rendered under Article 9.29 in arbitrations commenced after the multilateral agreement enters into force between the Parties.

ARTICLE 9.24: TRANSPARENCY OF ARBITRAL PROCEEDINGS

1. Subject to paragraphs 2, 3, and 4, the respondent shall, after receiving the following documents, promptly transmit them to the non-disputing Party and make them available to the public:

- (a) the notice of intent;
- (b) the notice of arbitration;
- (c) pleadings, memorials, and briefs submitted to the tribunal by a disputing party and any written submissions submitted pursuant to Article 9.23.2, 9.23.3 and Article 9.28;
- (d) minutes or transcripts of hearings of the tribunal, where available; and
- (e) orders, awards, and decisions of the tribunal.

2. Hearings shall be open to the public, unless the parties decide otherwise. Hearings shall be held in closed session when the submissions and arguments of a party contain confidential information. The tribunal may, in consultation with the parties, adopt appropriate logistical arrangements and procedures to ensure that hearings are not disrupted by the attendance of the public.

3. Nothing in this Section requires a respondent to disclose protected information or to furnish or allow access to information that it may withhold in accordance with Article 21.2 (Essential Security) or Article 21.4 (Disclosure of Information).

4. Any protected information that is submitted to the tribunal shall be protected from disclosure in accordance with the following procedures:

- (a) Neither the disputing parties nor the tribunal shall disclose to the non-disputing Party or to the public any protected information where the disputing party that provided the information clearly designates it in accordance with subparagraph (b);
- (b) Any disputing party claiming that certain information constitutes protected information shall clearly designate the information at the time it is submitted to the tribunal; and
- (c) A disputing party shall, at the time it submits a document containing information claimed to be protected information, submit a redacted version of the document that does not contain the information. Only the redacted version shall be provided to the non-disputing Party and made public in accordance with paragraph 1.

5. Nothing in this Section requires a respondent to withhold from the public information required to be disclosed by its laws.

ARTICLE 9.25: GOVERNING LAW

1. Subject to paragraph 4, when a claim is submitted under Article 9.19.1, the tribunal shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.

2. The Tribunal shall not have jurisdiction to determine the legality of a measure, alleged to constitute a breach of this Agreement, under the domestic law of disputing Party.

3. The Tribunal shall not have jurisdiction to determine the legality of a measure under the TRIPS Agreement or other multilateral intellectual property treaty.

4. A decision of the Joint Committee declaring its interpretation of a provision of this Agreement under Article 19.1 (Joint Committee) shall be binding on a tribunal, and any decision or award issued by a tribunal must be consistent with that decision.

ARTICLE 9.26: INTERPRETATION OF ANNEXES

1. Where a respondent asserts as a defense that the measure alleged to be a breach is within the scope of an entry set out in Annex I or Annex II, the tribunal shall, on request of the respondent, request the interpretation of the Joint Committee on the issue. The Joint Committee shall submit in writing any decision declaring its interpretation under Article 19.1 (Joint Committee) to the tribunal within 60 days of delivery of the request.

2. A decision issued by the Joint Committee under paragraph 1 shall be binding on the tribunal, and any decision or award issued by the tribunal must be consistent with that decision. If the Joint Committee fails to issue such a decision within 60 days, the tribunal shall decide the issue.

ARTICLE 9.27: EXPERT REPORTS

Without prejudice to the appointment of other kinds of experts where authorized by the applicable arbitration rules, a tribunal, at the request of a disputing party or, unless the disputing parties disapprove, on its own initiative, may appoint one or more experts to report to it in writing on any factual issue concerning environmental, health, safety, or other scientific matters raised by a disputing party in a proceeding, subject to such terms and conditions as the disputing parties may agree.

ARTICLE 9.28: CONSOLIDATION

1. Where two or more claims have been submitted separately to arbitration under Article 9.19.1 and the claims have a question of law or fact in common and arise out of the same events or circumstances, any disputing party may seek a consolidation order in accordance with the

agreement of all the disputing parties sought to be covered by the order or the terms of paragraphs 2 through 10.

2. A disputing party that seeks a consolidation order under this Article shall deliver, in writing, a request to the Secretary-General and to all the disputing parties sought to be covered by the order and shall specify in the request:

- (a) the names and addresses of all the disputing parties sought to be covered by the order;
- (b) the nature of the order sought; and
- (c) the grounds on which the order is sought.

3. Unless the Secretary-General finds within 30 days after receiving a request under paragraph 2 that the request is manifestly unfounded, a tribunal shall be established under this Article.

4. Unless all the disputing parties sought to be covered by the order otherwise agree, a tribunal established under this Article shall comprise three arbitrators:

- (a) one arbitrator appointed by agreement of the claimants;
- (b) one arbitrator appointed by the respondent; and
- (c) the presiding arbitrator appointed by the Secretary-General, provided, however, that the presiding arbitrator shall not be a national of either Party.

5. If, within 60 days after the Secretary-General receives a request made under paragraph 2, the respondent fails or the claimants fail to appoint an arbitrator in accordance with paragraph 4, the Secretary-General, on the request of any disputing party sought to be covered by the order, shall appoint the arbitrator or arbitrators not yet appointed. If the respondent fails to appoint an arbitrator, the Secretary-General shall appoint a national of that disputing Party, and if the claimants fail to appoint an arbitrator, the Secretary-General shall appoint a national of the non-disputing Party.

6. Where a tribunal established under this Article is satisfied that two or more claims that have been submitted to arbitration under Article 9.19.1 have a question of law or fact in common, and arise out of the same events or circumstances, the tribunal may, in the interest of fair and efficient resolution of the claims, and after hearing the disputing parties, by order:

- (a) assume jurisdiction over, and hear and determine together, all or part of the claims;

- (b) assume jurisdiction over, and hear and determine one or more of the claims, the determination of which it believes would assist in the resolution of the others;
or

- (c) instruct a tribunal previously established under Article 9.22 to assume jurisdiction over, and hear and determine together, all or part of the claims, provided that:
 - (i) that tribunal, at the request of any claimant not previously a disputing party before that tribunal, shall be reconstituted with its original members, except that the arbitrator for the claimants shall be appointed pursuant to paragraphs 4(a) and 5; and

 - (ii) that tribunal shall decide whether any prior hearing shall be repeated.

7. Where a tribunal has been established under this Article, a claimant that has submitted a claim to arbitration under Article 9.19.1 and that has not been named in a request made under paragraph 2 may make a written request to the tribunal that it be included in any order made under paragraph 6, and shall specify in the request:

- (a) the name and address of the claimant;
- (b) the nature of the order sought; and
- (c) the grounds on which the order is sought.

The claimant shall deliver a copy of its request to the Secretary-General.

8. A tribunal established under this Article shall conduct its proceedings in accordance with the UNCITRAL Arbitration Rules, except as modified by this Section.

9. A tribunal established under Article 9.22 shall not have jurisdiction to decide a claim, or a part of a claim, over which a tribunal established or instructed under this Article has assumed jurisdiction.

10. On application of a disputing party, a tribunal established under this Article, pending its decision under paragraph 6, may order that the proceedings of a tribunal established under Article 9.22 be stayed, unless the latter tribunal has already adjourned its proceedings.

ARTICLE 9.29: AWARDS

1. Where a tribunal makes a final award against a respondent, the tribunal may award, separately or in combination, only:

- (a) monetary damages and any applicable interest; and
- (b) restitution of property, in which case the award shall provide that the respondent may pay monetary damages and any applicable interest in lieu of restitution.

2. A tribunal may also award costs and attorney's fees in accordance with this Section and the applicable arbitration rules.
3. A tribunal may not award punitive damages.
4. An award made by a tribunal shall have no binding force except between the disputing parties and in respect of the particular case.
5. Subject to paragraph 6 and the applicable review procedure for an interim award, a disputing party shall abide by and comply with an award without delay.
6. A disputing party may not seek enforcement of a final award until:
 - (a) in the case of a final award made under the ICSID Convention,
 - (i) 120 days have elapsed from the date the award was rendered and no disputing party has requested revision or annulment of the award; or
 - (ii) revision or annulment proceedings have been completed; and
 - (b) in the case of a final award under the ICSID Additional Facility Rules, the UNCITRAL Arbitration Rules, or the rules selected pursuant to Article 9.19.4(d),
 - (i) 90 days have elapsed from the date the award was rendered and no disputing party has commenced a proceeding to revise, set aside, or annul the award; or
 - (ii) a court has dismissed or allowed an application to revise, set aside, or annul the award and there is no further appeal.
7. Each Party shall provide for the enforcement of an award in its territory.

8. If the respondent fails to abide by or comply with a final award, on delivery of a request by the non-disputing Party, a panel shall be established under Article 20.7 (Establishment of Panel). The requesting Party may seek in such proceedings:

- (a) a determination that the failure to abide by or comply with the final award is inconsistent with the obligations of this Agreement; and
- (b) in accordance with Article 20.11 (Panel Report), a recommendation that the respondent abide by or comply with the final award.

9. A disputing party may seek enforcement of an arbitration award under the ICSID Convention or the New York Convention regardless of whether proceedings have been taken under paragraph 8.

10. A claim that is submitted to arbitration under this Section shall be considered to arise out of a commercial relationship or transaction for the purposes of Article I of the New York Convention.

ARTICLE 9.30: SERVICE OF DOCUMENTS

Delivery of notice and other documents on a Party shall be made to the place named for that Party in Annex 9-B.

Section C: Definitions

ARTICLE 9.31: DEFINITIONS

For the purposes of this Chapter:

Bilateral Investment Treaty means the Agreement between the Government of the State of Israel and the Government of the Republic of Korea for the Reciprocal Promotion and Protection of Investments, done at Jerusalem, February 7th, 1999;

claimant means an investor of a Party that is a party to an investment dispute under this Chapter with the other Party;

disputing parties means the claimant and the respondent;

disputing party means either the claimant or the respondent;

enterprise means an enterprise as defined in Article 1.7 (Definitions), and a branch of an enterprise

enterprise of a Party means an enterprise constituted or organized under the law of a Party, or a branch located in the territory of that Party, and carrying out substantial business activities there;

ICSID Additional Facility Rules means the *Rules Governing the Additional Facility for the Administration of Proceedings by the Secretariat of the International Centre for Settlement of Investment Disputes*;

ICSID Convention means the *Convention on the Settlement of Investment Disputes between States and Nationals of Other States*, done at Washington, March 18, 1965;

investment means every asset that an investor owns or controls, directly or indirectly, provided that the investment has been made in accordance with the laws and regulations of the Party in whose territory the investment is made, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, or the assumption of risk. Forms that an investment may take include:

- (a) an enterprise;
- (b) shares, stock, and other forms of equity participation in an enterprise;
- (c) bonds, debentures, other debt instruments, and loans;
- (d) futures, options, and other derivatives;
- (e) turnkey, construction, management, production, concession, revenue-sharing, and other similar contracts;
- (f) intellectual property rights;
- (g) licenses, authorizations, permits, and similar rights conferred pursuant to domestic law;²⁵ and
- (h) other tangible or intangible, movable or immovable property, and related property rights, such as leases, mortgages, liens, and pledges.²⁶

²⁵ The term "investment" does not include an order or judgement entered in a judicial or administrative action.

²⁶ For greater certainty, market share, market access, expected gains, and opportunities for profit-making are not, by themselves, investments.

The provisions of this chapter relating to investments shall apply to the reinvestment of the returns of an investment, which shall be granted the same treatment granted to the original investment, if the reinvestment is effected in accordance with the legislation of the Party in whose territory the investment is made. A change in the form of the investment or a change in the form of the reinvestment shall not affect their character as investments within the meaning of this Chapter if the change is effected in accordance with the legislation of the Party in whose territory the investment is made.

investor of a Party means a Party or state enterprise thereof, or a natural person²⁷ or an enterprise of a Party, that attempts to make, is making, or has made an investment in the territory of the other Party; provided, however, that a natural person who is a dual national of both Parties shall be deemed to be exclusively a national of the State of his or her dominant and effective nationality;

legislation means the laws and regulations of a Party and the right to exercise the administrative powers conferred by those laws and regulations.

New York Convention means the *United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, done at New York, June 10, 1958;

non-disputing Party means the Party that is not a party to an investment dispute;

protected information means confidential business information or information that is privileged or otherwise protected from disclosure under a Party's law;

respondent means the Party that is a party to an investment dispute under this Chapter;

returns means the amounts yielded by an investment including, but not limited to: dividends, profits, sums received from the total or partial liquidation of an investment, interest, capital gains, royalties or fees;

²⁷ For Israel, the term natural person includes a natural person who is a national or permanent resident of the state of Israel.

Secretary-General means the Secretary-General of ICSID; and

UNCITRAL Arbitration Rules means the arbitration rules of the United Nations Commission on International Trade Law, as revised in 2010 or as subsequently agreed between the Parties.

ANNEX 9-A
EXPROPRIATION

The Parties confirm their shared understanding that:

1. An action or a series of actions by a Party cannot constitute an expropriation unless it interferes with a tangible or intangible property right in an investment.

2. Article 9.7.1 addresses two situations. The first is direct expropriation, where an investment is nationalized or otherwise directly expropriated through formal transfer of title or outright seizure.

3. The second situation addressed by Article 9.7.1 is indirect expropriation, where an action or a series of actions by a Party has an effect equivalent to direct expropriation without formal transfer of title or outright seizure.
 - (a) The determination of whether an action or a series of actions by a Party, in a specific fact situation, constitutes an indirect expropriation, requires a case-by-case, fact-based inquiry that considers all relevant factors relating to the investment, including:
 - (i) the economic impact of the government action, although the fact that an action or a series of actions by a Party has an adverse effect on the economic value of an investment, standing alone, does not establish that an indirect expropriation has occurred;
 - (ii) the extent to which the government action interferes with distinct, reasonable investment-backed expectations;²⁸ and

²⁸ Whether an investor's investment-backed expectations are reasonable depends in part on the nature and extent of governmental regulation in the relevant sector. For example, an investor's expectations that regulations will not change are less likely to be reasonable in a heavily regulated sector than in a less heavily regulated sector.

(iii) the character of the government action, including its objectives and context.²⁹

(b) Except in rare circumstances, such as, for example, when an action or a series of actions is extremely severe or disproportionate in light of its purpose or effect, non-discriminatory regulatory actions by a Party that are designed and applied to protect legitimate public welfare objectives, such as public health, safety, the environment, and real estate price stabilization (through, for example, measures to improve the housing conditions for low-income households), do not constitute indirect expropriations.³⁰

²⁹ For Korea, a relevant consideration could include whether the investor or the investment bears a disproportionate burden on such as a special sacrifice that exceeds what the investor or investment should be expected to endure for the public interest.

³⁰ For greater certainty, the list of "legitimate public welfare objectives" in subparagraph (b) is not exhaustive.

ANNEX 9-B
SERVICE OF DOCUMENTS ON A PARTY UNDER SECTION B

Korea

Notices and other documents in disputes under Section B shall be served on Korea by delivery to:

Office of International Legal Affairs
Ministry of Justice of the Republic of Korea
Government Complex, Gwacheon
Korea

or to its successors.

Israel

Notices and other documents in disputes under Section B shall be served on Israel by delivery to:

Chief Economist Department
Ministry of Finance
Government Quarter, Jerusalem
Israel

or to its successors.

ANNEX 9-C

POSSIBILITY OF AN APPELLATE MECHANISM

Within three years after the date this Agreement enters into force, the Parties shall consider whether to establish a bilateral appellate body or similar mechanism to review awards rendered under Article 9.29 in arbitrations commenced after they establish the appellate body or similar mechanism.

ANNEX 9-D

TAXATION AND EXPROPRIATION

The determination of whether a taxation measure, in a specific fact situation, constitutes an expropriation requires a case-by-case, fact-based inquiry that considers all relevant factors relating to the investment, including the factors listed in Annex 9-A and the following considerations:

- (a) The imposition of taxes does not generally constitute an expropriation. The mere introduction of a new taxation measure or the imposition of a taxation measure in more than one jurisdiction in respect of an investment generally does not in and of itself constitute an expropriation;
- (b) A taxation measure that is consistent with internationally recognized tax policies, principles, and practices should not constitute an expropriation. In particular, a taxation measure aimed at preventing the avoidance or evasion of taxation measures generally does not constitute an expropriation;
- (c) A taxation measure that is applied on a non-discriminatory basis, as opposed to a taxation measure that is targeted at investors of a particular nationality or at specific taxpayers, is less likely to constitute an expropriation; and
- (d) A taxation measure generally does not constitute an expropriation if it was already in force when the investment was made and information about the measure was publicly available.

ANNEX 9-E

TRANSFERS

1. Nothing in this Chapter or Chapter 10 (Cross-Border Trade in Services) shall be construed to prevent a Party from adopting or maintaining temporary safeguard measures pursuant to the Party's laws and regulations with regard to payments and capital movements:

- (a) in the event of serious balance of payments and external financial difficulties or under threat thereof; or
- (b) in cases where, in exceptional circumstances, payments and capital movements cause or threaten to cause serious difficulties for the operation of monetary or exchange rate policies in the Party concerned.

2. The measures referred to in paragraph 1:

- (a) are in effect for a period not to exceed one year; however, if extremely exceptional circumstances arise such that the Party seeks to extend such measures, such Party will coordinate in advance with the other Party concerning the implementation of any proposed extension;
- (b) are not confiscatory;
- (c) do not constitute a dual or multiple exchange rate practice;
- (d) do not otherwise interfere with investors' ability to earn a market rate of return in the territory of the Party on any restricted assets;³¹

³¹ For greater certainty, the term "restricted assets" in subparagraph (d) refers only to assets invested in the territory of a Party by an investor of the other Party that are restricted from being transferred out of the territory of a Party.

- (e) avoid unnecessary damage to the commercial, economic, or financial interests of the other Party;
- (f) are temporary and phased out progressively as the situation calling for imposition of such measures improves;
- (g) are applied in a manner consistent with Articles 9.3 and 10.2 (National Treatment) and Articles 9.4 and 10.3 (Most-Favoured-Nation Treatment) subject to the Schedules set out in Annex I and Annex II;
- (h) shall be promptly notified to the other Party;
- (i) shall be consistent with the *Articles of Agreement of the IMF*, as may be amended; and
- (j) shall not restrict payments or transfers for current transactions, unless the imposition of such measures complies with the procedures stipulated in the *Articles of Agreement of the International Monetary Fund*.³²

³² **Current transactions** shall have the meaning set forth in Article 30(d) of the *Articles of Agreement of the International Monetary Fund* and, for greater certainty, shall include interest pursuant to a loan or bond on any restricted amortization payments coming due during the period that controls on capital transactions are applied.

ANNEX 9-F

AMICUS CURIAE

The Tribunal may receive *amicus curiae* briefs from interested natural persons of a Party or legal persons, established in the territory of the Parties.

1. The briefs submitted to the Tribunal shall:
 - (a) be dated and signed by the interested person or its representative, and include the contact information of such person;
 - (b) disclose any affiliation, direct or indirect, with any disputing party; and identify any person, government or other entity that has provided, or will provide, any financial or other assistance in preparing the submission;
 - (c) be addressed to the chair person and shall be also communicated to the disputing parties in the language or languages chosen by the disputing parties; and
 - (d) be concise and in no case exceed 15 typed pages including any annexes.
2. The briefs shall be accompanied by a written declaration clearly indicating:
 - (a) a description of the interested persons who present them, including their place of incorporation in case of legal persons and address in case of natural persons, the nature of their activities, their sources of financing and, where relevant, documentation corroborating said information;
 - (b) whether the interested persons have any direct or indirect relation with any of the disputing parties as well as if they have received any financial or

other type of contribution from any of the disputing parties, another government, natural persons or legal persons, generally or in the preparation of the brief; and

- (c) a brief summary of how the interested persons brief would assist the tribunal in the determination of a factual or legal issue related to the proceeding.

3. The Tribunal shall not consider amicus curiae briefs which do not conform to the above rules.

ANNEX 9-G

SUBMISSION OF A CLAIM TO ARBITRATION

Korea

1. Notwithstanding Article 9.21.2, an investor of the State of Israel shall not submit to arbitration under Section B a claim that Korea has breached an obligation under Section A, if the investor has alleged that breach of an obligation under Section A in any proceedings before a court or administrative tribunal of Korea.

2. For greater certainty, where an investor of the State of Israel or an enterprise of Korea that is a juridical person that the investor owns or controls directly or indirectly makes an allegation that Korea has breached an obligation under Section A before a court or administrative tribunal of Korea, that election shall be final, and the investor may not thereafter allege that breach, in an arbitration under Section

CHAPTER 10
CROSS-BORDER TRADE IN SERVICES

ARTICLE 10.1: SCOPE

1. This Chapter shall apply to measures adopted or maintained by a Party affecting cross-border trade in services by service suppliers of the other Party. Such measures include measures affecting:

- (a) the production, distribution, marketing, sale, and delivery of a service;
- (b) the purchase or use of, or payment for, a service;
- (c) the access to and use of distribution, transport, or telecommunications networks and services in connection with the supply of a service; and
- (d) the presence in its territory of a service supplier of the other Party.

2. For the purposes of this Chapter, **measures adopted or maintained by a Party** means measures adopted or maintained by:

- (a) central or local governments and authorities; and
- (b) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities.

3. Notwithstanding paragraph 1, Articles 10.4, 10.7, and 10.8 shall also apply to measures adopted or maintained by a Party affecting the supply of a service in its territory through commercial presence.

4. Notwithstanding paragraph 1, this Chapter shall not apply to:

- (a) government procurement;
- (b) air services, including domestic and international air transportation services, whether scheduled or non-scheduled, and related services in support of air services, other than:
 - (i) aircraft repair and maintenance services during which an aircraft is withdrawn from service;
 - (ii) the selling and marketing of air transport services; and
 - (iii) computer reservation system (CRS) services; or
- (c) subsidies or grants provided by a Party, including government-supported loans, guarantees, and insurance.

5. This Chapter shall not impose any obligation on a Party with respect to a national of the other Party seeking access to its employment market, or employed on a permanent basis in its territory, and shall not confer any right on that national with respect to that access or employment.

6. This Chapter shall not apply to services supplied in the exercise of governmental authority in a Party's territory. 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 10.2: NATIONAL TREATMENT

Each Party shall accord to service suppliers of the other Party treatment no less favorable than that it accords, in like circumstances, to its own service suppliers.

ARTICLE 10.3: MOST-FAVoured-NATION TREATMENT³³

Each Party shall accord to service suppliers of the other Party treatment no less favorable than that it accords, in like circumstances, to service suppliers of a non-Party.

³³ For greater certainty, nothing in this Article shall be interpreted as extending the scope of this Chapter.

ARTICLE 10.4: MARKET ACCESS

No Party may adopt or maintain, either on the basis of a regional subdivision or on the basis of its entire territory, measures that:

- (a) impose limitations on:
 - (i) the number of service suppliers, whether in the form of numerical quotas, monopolies, exclusive service suppliers, or the requirement of an economic needs test;
 - (ii) the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;
 - (iii) the total number of service operations or the total quantity of services output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;³⁴ or
 - (iv) the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test; or
- (b) restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service.

ARTICLE 10.5: LOCAL PRESENCE

No Party may require a service supplier of the other Party to establish or maintain a representative office or any form of enterprise, or to be resident, in its territory as a condition for the cross-border supply of a service.

³⁴ Sub-subparagraph (iii) does not cover measures of a Party which limit inputs for the supply of services.

ARTICLE 10.6: NON-CONFORMING MEASURES

1. Articles 10.2 through 10.5 shall not apply to:
 - (a) any existing non-conforming measure that is maintained by a Party at:
 - (i) the central level of government, as set out by that Party in its Schedule to Annex I; or
 - (ii) a local level of government;³⁵
 - (b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a);
 - (c) an amendment to any non-conforming measure referred to in subparagraph (a), to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Article 10.2; or
 - (d) an amendment to any non-conforming measure referred to in subparagraphs (a), to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Articles 10.3, 10.4, or 10.5.

2. Subparagraph 1(d) shall not apply until both Parties, individually, have undertaken the obligation specified in subparagraph 1(d) in any existing or future free trade area agreement or similar arrangements covering services liberalization provisions with any non-Party. Until such time, Articles 10.3, 10.4 and 10.5 shall not apply to an amendment to any non-conforming measure referred to in subparagraph 1(a), to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the entry into force of the Agreement, with Article 10.3, 10.4, or 10.5.

3. Articles 10.2 through 10.5 shall not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors, or activities as set out in its Schedule to Annex II.

ARTICLE 10.7: DOMESTIC REGULATION

³⁵ For Korea, **local level of government** means a local government as defined in the *Local Autonomy Act*.

1. Where a Party requires authorization for the supply of a service, the Party's competent authorities shall, within a reasonable time after the submission of an application considered complete under its laws and regulations, inform the applicant of the decision concerning the application. At the request of the applicant, the Party's competent authorities shall provide, without undue delay, information concerning the status of the application. This obligation shall not apply to authorization requirements that a Party adopts or maintains with respect to sectors, subsectors, or activities as set out in its Schedule to Annex II.

2. With a view to ensuring that measures related to qualification requirements and procedures, technical standards, and licensing requirements do not constitute unnecessary barriers to trade in services, while recognizing the right to regulate and to introduce new regulations on the supply of services in order to meet national policy objectives, each Party shall endeavor 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;
- (b) not more burdensome than necessary to ensure the quality of the service ; and
- (c) in the case of licensing procedures, not in themselves a restriction on the supply of the service.

3. If the results of the negotiations related to Article VI:4 of the GATS (or the results of any similar negotiations undertaken in other multilateral fora in which the Parties participate) enter into effect, this Article shall be amended, as appropriate, after consultations among the Parties, to bring those results into effect under this Agreement. The Parties shall coordinate on such negotiations, as appropriate.

ARTICLE 10.8: TRANSPARENCY IN DEVELOPING AND APPLYING REGULATIONS³⁶

Further to Chapter 16 (Transparency):

- (a) each Party shall establish or maintain appropriate mechanisms for responding to inquiries from interested persons regarding its regulations related to the subject matter of this Chapter; and
- (b) to the extent possible, each Party shall allow reasonable time between p

³⁶ For greater certainty, "regulations" includes regulations establishing or applying to licensing authorization or criteria at the central, regional, and local levels of government.

publication of final regulations related to the subject matter of this Chapter and their effective date.

ARTICLE 10.9: RECOGNITION

1. For the purposes of the fulfillment, in whole or in part, of its standards or criteria for the authorization, licensing, or certification of services suppliers, and subject to the requirements of paragraph 5, a Party may recognize the education or experience obtained, requirements met, or licenses or certifications granted in a particular country. Such recognition, which may be achieved through harmonization or otherwise, may be based upon an agreement or arrangement with the country concerned or may be accorded autonomously.

2. Where a Party recognizes, autonomously or by agreement or arrangement, the education or experience obtained, requirements met, or licenses or certifications granted in the territory of a non-Party, nothing in Article 10.3 shall be construed to require the Party to accord such recognition to the education or experience obtained, requirements met, or licenses or certifications granted in the territory of the other Party.

3. On request of the other Party, a Party shall where appropriate promptly provide information, including appropriate descriptions, concerning any recognition agreement or arrangement that the Party or relevant bodies in its territory have concluded.

4. A Party that is a party to an agreement or arrangement of the type referred to in paragraph 1, whether existing or future, shall afford adequate opportunity for the other Party, if the other Party is interested, to negotiate its accession to such an agreement or arrangement or to negotiate a comparable one with it. Where a Party accords recognition autonomously, it shall afford adequate opportunity for the other Party to demonstrate that education, experience, licenses, or certifications obtained or requirements met in the other Party's territory should be recognized.

5. No Party may accord recognition in a manner that would constitute a means of discrimination among countries in the application of its standards or criteria for the authorization, licensing, or certification of services suppliers, or a disguised restriction on trade in services.

ARTICLE 10.10: PAYMENTS AND TRANSFERS³⁷

1. Each Party shall permit all transfers and payments related to the cross-border supply of services to be made freely and without delay into and out of its territory.

³⁷ For greater certainty, Annex 9-E(Transfers) shall apply to this Article.

2. Each Party shall permit such transfers and payments related to the cross-border supply of services to be made in a freely usable currency at the market rate of exchange prevailing at the time of transfer.

3. Notwithstanding paragraphs 1 and 2, a Party may prevent or delay a transfer or payment through the equitable, non-discriminatory, and good faith application of its laws related to:

- (a) bankruptcy, insolvency, or the protection of the rights of creditors;
- (b) issuing, trading, or dealing in securities, futures, options, or derivatives;
- (c) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities;
- (d) criminal or penal offences; or
- (e) ensuring compliance with orders or judgments in judicial or administrative proceedings.

ARTICLE 10.11: DENIAL OF BENEFITS

1. A Party may deny the benefits of this Chapter to a service supplier of the other Party if the service supplier is an enterprise owned or controlled by persons of a non-Party, and the denying Party:

- (a) does not maintain normal economic relations with the non-Party; or
- (b) adopts or maintains measures with respect to the non-Party or a person of the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise.

2. For the purpose of this Article, an enterprise is:

- (a) "owned" by a person if more than 50 percent of the equity interest in it is beneficially owned by the person; and
- (b) "controlled" by a person if the person has the power to name a majority of its directors or otherwise to legally direct its actions.

ARTICLE 10.12: EXCEPTIONS

1. Article 10.3 shall not be construed so as to oblige one Party to extend to the service suppliers of the other Party the benefit of any treatment, preference or privilege resulting from:

- (a) any existing customs union, common market, economic or monetary union, free trade area or similar international agreement, to which either Party is a party; or
- (b) any future customs union, common market, economic or monetary union, free trade area or similar international agreement, to which either Party will be a party.

2. Subparagraph 1(b) shall cease to apply when both Parties, individually, are party to a customs union, common market, economic or monetary union, free trade area or similar international agreement, which does not include the exception in subparagraph 1(b).

ARTICLE 10.13: DEFINITIONS

For the purposes of this Chapter:

aircraft repair and maintenance services means such activities when undertaken on an aircraft or a part thereof while it is withdrawn from service, and does not include so-called line maintenance;

commercial presence means any type of business or professional establishment, including through

- (a) the constitution, acquisition or maintenance of an enterprise, or
- (b) the creation or maintenance of a branch or a representative office,

within the territory of a Party for the purpose of supplying a service;

computer reservation system services means services provided by computerized systems that contain information about air carriers' schedules, availability, fares, and fare rules, through which reservations can be made or tickets may be issued;

cross-border trade in services or **cross-border supply of services** means the supply of a

service:

- (a) from the territory of one Party into the territory of the other Party;
- (b) in the territory of one Party by a person of that Party to a person of the other Party; or
- (c) by a national of a Party in the territory of the other Party.

but does not include the supply of a service in the territory of a Party by a covered investment;

enterprise means an “enterprise” as defined in Article 1.7 (Definitions), and a branch of an enterprise;

enterprise of a Party means an enterprise organized or constituted under the laws of a Party, or a branch located in the territory of that Party and carrying out substantial business activities there;

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

service supplier of a Party means a person of that Party that seeks to supply or supplies a service.³⁸

³⁸ For the purposes of Articles 10.2 and 10.3, “service suppliers” has the same meaning as “services and service suppliers” as used in Articles II and XVII of GATS.

CHAPTER 11
TEMPORARY ENTRY OF BUSINESS PERSONS

ARTICLE 11.1 : SCOPE

1. This Chapter shall apply, as set out in each Party's Schedule of specific commitments in Annex 11-A or 11-B, to measures affecting the temporary entry of business persons of a Party into the territory of the other Party. Such business persons may include:

- (a) business visitors; or
- (b) intra-corporate transferees.

ARTICLE 11.2 : GENERAL PRINCIPLES

1. This Chapter reflects the preferential trading relationship between the Parties, their mutual desire to facilitate temporary entry for business persons on a reciprocal basis and to establish transparent criteria and procedures for temporary entry in accordance with Annex 11-A or 11-B.

2. This Chapter shall not apply to measures affecting natural persons seeking access to the employment market of the other Party, nor shall it apply to measures regarding citizenship, nationality, residence or employment on a permanent basis.

ARTICLE 11.3 : GENERAL OBLIGATIONS

1. Each Party shall apply its measures relating to this Chapter in accordance with Article 11.2 and, in particular, shall apply those measures as expeditiously as possible so as to avoid unduly impairing or delaying trade in goods or services or conduct of investment activities under this Agreement.

2. Nothing in this Agreement shall prevent a Party from applying measures to regulate the entry of natural persons of the other Party 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 commitments made by a Party under this agreement. The sole fact of requiring a visa for natural persons of certain countries and not for those of others shall not be regarded as unduly impairing or delaying trade in goods or services or conduct of investment activities under this Agreement.

ARTICLE 11.4 : GRANT OF TEMPORARY ENTRY³⁹

1. Each Party shall, in accordance with that Party's Schedule of specific commitments in Annex 11-A or 11-B, grant temporary entry to business persons of the other Party who are otherwise qualified for entry in accordance with this Chapter.

2. Each Party shall set out in Annexes 11-A and 11-B a Schedule containing its commitments for the entry and temporary stay in its territory of business persons of the other Party. These Schedules of specific commitments shall specify the conditions and limitations for entry and temporary stay, including the requirements and length of stay, for each category of business persons included in each Party's Schedule of specific commitments.

3. Where a Party makes a commitment under paragraphs 1 and 2, that Party shall grant temporary entry or extension of temporary stay to business persons of the other Party, provided those business persons:

- (a) follow prescribed application procedures for the immigration formality sought; and
- (b) meet all relevant eligibility requirements for entry to the granting Party.

4. Temporary entry granted pursuant to this Chapter shall not replace the requirements needed to carry out a profession or activity according to the specific laws and regulations in

³⁹ The commitments made by each Party under this Chapter shall be subject to any terms, conditions, reservations or limitations it has scheduled in Annex I or Annex II.

force in the territory of the Party authorising the temporary entry.

5. Each Party shall ensure that fees charged by competent authorities for the processing of applications for entry and temporary stay do not unduly impair or delay trade in services under this Agreement.

6. Neither Party shall, except as provided for in its Schedule of specific commitments in Annex 11-A or 11-B, require labour market tests or other procedures of similar effect, or impose or maintain any numerical restriction relating to temporary entry as a condition for entry.

ARTICLE 11.5 : PROVISION OF INFORMATION

Each Party shall:

- (a) to the extent practicable provide the other Party with relevant materials that will enable the other Party to become acquainted with its measures related to this Chapter;
- (b) publish, such as on its immigration website, no later than six months after the date of entry into force of this Agreement, the requirements for temporary entry under this Chapter, including explanatory material and relevant forms and documents that will enable business persons of the other Party to become acquainted with its requirements;
- (c) upon modifying or amending an immigration measure that affects the temporary entry of business persons, ensure that the information published pursuant to this Article is updated by the date of entry into force of that modification or amendment; and
- (d) establish or maintain appropriate mechanisms to respond to inquiries from interested persons regarding applications and procedures related to the temporary entry of business persons.

ARTICLE 11.6 : EXPEDITIOUS APPLICATION PROCEDURES

1. The competent authorities of each Party shall expeditiously process, in accordance with its domestic law, applications for an immigration formality or extension thereof submitted by business persons of the other Party, in accordance with its schedule of specific commitments.

2. Upon receipt of an application for an immigration formality that has been completed and submitted in accordance with its domestic laws and regulations, a Party shall, as expeditiously as possible, make a decision on the application and inform the applicant of the decision including, if approved, the period of stay and other conditions. Where the competent authorities of the Party require additional information from the applicant in order to process his or her application, they shall notify the applicant, or his or her legal representative in the territory of the Party providing the notification, without undue delay.

3. On the request of an applicant, a Party in receipt of a completed application for an immigration formality shall provide, without undue delay, information concerning the status of the application.

ARTICLE 11.7 : CONTACT POINTS

1. The Parties hereby establish contact points who shall exchange information as described in Article 11.6.

2. The contact points are:
 - (a) for Korea,
Director
Visa and Residence Division Korea Immigration Service
Ministry of Justice or its successor

 - (b) for Israel,
Manager
Regional PIBA Office

Population and Immigration Authority,
Ministry of Interior or its successor

ARTICLE 11.8 : DISPUTE SETTLEMENT

1. The Parties shall endeavour to favourably resolve, through consultations or negotiations between the Parties, any differences or dispute arising out of the implementation of this Chapter.

2. A Party shall not initiate proceedings under Chapter 20 (Dispute Settlement) regarding a refusal to grant immigration formality under this Chapter unless:

(a) the matter involves a pattern of practice; and

(b) the business person has exhausted any available administrative remedies regarding the particular matter.

3. The remedies referred to in paragraph 2(b) shall be deemed to be exhausted if a final determination in the matter has not been issued by the relevant competent authority within one year of the institution of an administrative proceeding, and the failure to issue a determination is not attributable to delay caused by the business person.

4. Notwithstanding paragraph 2, a Party shall not initiate proceedings under the Chapter 20 (Dispute Settlement) regarding visa, pass or other document or electronic authority allowing a natural person of a Party to enter, reside or work in the territory of the granting Party.

ARTICLE 11.9 : WORKING GROUP

1. The Parties hereby establish a Temporary Entry of Business Persons Working Group, comprising representatives of each Party including immigration officials, to consider and review matters pertaining to this Chapter with a view to facilitate temporary entry of business persons between the Parties.

2. The Working Group shall meet within the first year after the entry into force of this Agreement, and as otherwise decided by the Parties, in person or by any other technological means available, to consider any matter arising under this Chapter.

3. The Working Group shall:
- (a) identify and recommend measures to facilitate temporary entry of business persons between the Parties, including measures with regards to fees for processing applications for temporary entry of business persons and specific commitments for more categories of business persons;
 - (b) review the implementation and operation of this Chapter; and
 - (c) consider other issues of mutual interest with respect to temporary entry of business persons.

ARTICLE 11.10 : RELATION TO OTHER CHAPTERS

Except for this Chapter, Chapters 1 (Initial Provisions and General Definitions), 19 (Administration of the Agreement), 20 (Dispute Settlement) to the extent permitted by Article 11.8, 21 (Exceptions) and 22 (Final Provisions), and Articles 16.1 (Publication), 16.2 (Notification and Provision of Information) and 16.3 (Administrative Proceedings) of Chapter 16 (Transparency), nothing in this Agreement shall impose any obligation on a Party regarding measures affecting the temporary entry of business persons.

ARTICLE 11.11 : DEFINITIONS

For the purposes of this Chapter:

business person means a natural person of a Party who is engaged in trade in goods, the provision of services or the conduct of investment;

immigration formality means a visa, permit, pass or other document or electronic authority allowing a natural person of a Party to enter, reside or work in the territory of the granting Party; and

temporary entry means entry into the territory of a Party by a business person covered by this Chapter of the other Party without the intent to reside permanently.

ANNEX 11-A

**KOREA'S SCHEDULE OF SPECIFIC COMMITMENTS ON TEMPORARY ENTRY
OF BUSINESS PERSONS**

1. Korea requires a business person of Israel seeking temporary entry into its territory under the provisions of this Chapter and this Annex to obtain appropriate immigration formalities prior to entry.

2. Korea may refuse to grant temporary entry to a natural person who is likely to be involved in any labour dispute that is in progress and adversely affect the settlement of such labour dispute.

Business Visitors of Israel

3. Entry and temporary stay shall be granted to a business visitor of Israel for a period of not more than 90 days without requiring that person to obtain an employment authorisation, provided that such person otherwise complies with immigration measures applicable to temporary entry.

4. **A business visitor of Israel** means a natural person of Israel:

(a) who is:

- (i) a service seller who enters the territory of Korea for the purpose of negotiating sale of services or entering into agreements for such sale;
- (ii) seeking temporary entry for negotiating sale of goods, where such negotiations do not involve direct sales to the general public; or
- (iii) an investor or an employee of an investor, who is a manager, executive or specialist as defined in paragraph 6, seeking temporary entry to establish an investment; and

- (b) whose primary source of remuneration for the proposed business activity, principal place of business and the actual place of accrual of profits, at least predominantly, remain outside Korea.

Intra-Corporate Transferees of Israel

5. Entry and temporary stay shall be granted for a period of up to three years, which may be extended for subsequent periods provided the conditions on which it is based remain in effect, to an intra-corporate transferee of Israel, provided that such person otherwise complies with immigration measures applicable to temporary entry.

6. **ICT** means an employee of a service supplier, juridical person, an investor or enterprise of a Party established in the territory of Korea referred to below as an organization, through a branch, subsidiary or affiliate, who has been so employed for a period not less than one year immediately preceding the date of the application for temporary entry, and who is an executive, manager, or specialist as defined below:

- (a) **executive** means a natural person within an organization who primarily directs the management of the organization, exercises wide latitude in decision-making, and receives general supervision or direction from higher-level executives, the board of directors, or stockholders of the business. An executive would not directly perform tasks related to the actual supply of a service or operation of an investment.
- (b) **manager** means a natural person within an organization who primarily directs the organization or a department of the organization; supervises and controls the work of other supervisory, professional or managerial employees; has the authority to hire and fire or recommend hiring, firing, or other personnel actions; and exercises discretionary authority over day-to-day operations. This does not include a first-line supervisor, unless the employees supervised are professionals, nor does this include an employee who primarily performs tasks necessary for the supply of the service or operation of an investment; and
- (c) **specialist** means a natural person within an organization who possesses knowledge at an advanced level of continued expertise and proprietary knowledge on the services, research, equipment, techniques, or management of the organization.

ANNEX 11-B

ISRAEL'S SCHEDULE OF SPECIFIC COMMITMENTS ON TEMPORARY ENTRY OF BUSINESS PERSONS

1. The following sets out Israel's commitments in accordance with Article 11.4 in respect of the temporary entry of business persons.

Intra-Corporate Transferees of Korea

2. Israel shall permit, without requiring compliance with labour market tests, the temporary entry of Korean intra-corporate transferees in the following categories:

- (a) **Executives:** persons who primarily direct the management of the organization, establish its goals and generally have wide decision making authority;
- (b) **Managers:** persons who direct the organization or a department therein and are in a senior level position responsible for the service providing functions of the organization by supervising and controlling and having also authority to hire and fire personnel or recommend such and other personnel actions.⁴⁰

3. **Intra-corporate specialists:** a work permit will be issued in compliance with the labour market tests to those intra-corporate specialists, who possess knowledge at an advanced level of expertise or otherwise essential or proprietary to the organization's service, research, equipment, techniques or management.

4. Entry and temporary stay for intra-corporate transferees of Korea is permitted for a period of up to 63 months.

5. Subject to the discretion of PIBA and after fulfillment of all prescribed conditions:

⁴⁰ In this paragraph, "service providing functions" includes investment operations carried out in sectors other than services.

- (a) Employment permits for a Korean ICT may be issued for an initial period of up to two years, upon the request of an applicant.
- (b) After issuance of the initial employment permit and subject to payment of the relevant yearly fees by the employer, the B/1 visa and work license issued by the Israeli consulate in Korea may be extended for an initial period not exceeding the validity of the employment permit, and for no longer than two years, after the arrival of the Korean ICT in Israel, upon the request of the applicant.
- (c) Extensions of employment permits may be requested for periods of up to two years, up to the maximum set out by Israeli law. Additional extensions of B/1 visas and work licenses may be issued for periods of up to one year.

Business visitors of Korea

6. Business visitors of Korea mean natural persons of Korea seeking temporary entry into Israel for general business purposes, such as participating in business negotiations and meetings, which do not include engaging in direct sales, providing services to the general public, or employment in Israel.

7. The period of stay for business visitors of Korea is determined by the Border Control Agency. Entry and temporary stay is permitted for a period of up to 90 days during a calendar year.

May 12, 2021

The Honorable Yoo Myung-hee
Minister for Trade
Sejong, Republic of Korea

Dear Minister Yoo :

I have the honor to confirm the following understanding reached between the delegations of the Republic of Korea and State of Israel during the course of negotiations regarding Chapter 11 (Temporary Entry of Business Persons) of the Free Trade Agreement between our two Governments signed this day, concerning the procedures for considering requests for extension of Korean Intra-corporate Transferees' stay in Israel beyond 63 months in addition to the commitments in Annex 11-B, Israel's Schedule of Specific Commitments on Temporary Entry of Business Persons.

In considering an application to extend the validity of a B/1 visa and work license issued to a foreign expert for periods exceeding 63 months, as per section 3a(c1) of the Entry into Israel Law-1952, the following circumstances, *inter alia*, will be taken into account by the recommending committee:

- a. The identity and contribution of the entity employing the foreign expert, which has applied for a permit to continue to employ such expert.
- b. The qualifications of the foreign expert, the particulars of the position of the foreign expert in the employing entity, the importance of the continued employment of the foreign expert by the requesting entity in Israel.
- c. The number of nationals of the foreign expert's nationality illegally staying in Israel, as well as indications that the foreign expert does not intend to settle permanently in Israel.

In cases in which the application for extension of the stay and employment of the foreign expert for a period beyond 63 months is based upon a claim of contribution to the economy of Israel, the committee will also consider the existence of a Free Trade Agreement between Korea and Israel which includes a chapter on Temporary Entry of Business Persons as an additional positive indication of the contribution of the foreign expert and the employing entity requesting to continue to employ the expert, as the ratification of the above Free Trade Agreement between Korea and Israel signifies the importance of the trade relationship and the movement of business persons between the two countries.

I have the honor to propose that this letter and your letter in reply confirming that your Government shares this understanding shall constitute an integral part of the Free Trade Agreement. I look forward to working closely with you and your Government in connection with the implementation of the Free Trade Agreement.

Sincerely,
Amir Peretz
Minister of Economy and Industry
Jerusalem, Israel

May 12, 2021

The Honorable Amir Peretz
Minister of Economy and Industry
Jerusalem, State of Israel

Dear Minister Peretz:

I have the honor to acknowledge receipt of your letter of this date, which reads as follows:

I have the honor to confirm the following understanding reached between the delegations of the Republic of Korea and State of Israel during the course of negotiations regarding Chapter 11 (Temporary Entry of Business Persons) of the Free Trade Agreement between our two Governments signed this day, concerning the procedures for considering requests for extension of Korean Intra-corporate Transferees' stay in Israel beyond 63 months, in addition to the commitments in Annex 11-B, Israel's Schedule of Specific Commitments on Temporary Entry of Business Persons.

In considering an application to extend the validity of a B/1 visa and work license issued to a foreign expert for periods exceeding 63 months, as per section 3a(c1) of the Entry into Israel Law-1952, the following circumstances, *inter alia*, will be taken into account by the recommending committee:

- a. The identity and contribution of the entity employing the foreign expert, which has applied for a permit to continue to employ such expert.
- b. The qualifications of the foreign expert, the particulars of the position of the foreign expert in the employing entity, the importance of the continued employment of the foreign expert by the requesting entity in Israel.
- c. The number of nationals of the foreign expert's nationality illegally staying in Israel, as well as indications that the foreign expert does not intend to settle permanently in Israel.

In cases in which the application for extension of the stay and employment of the foreign expert for a period beyond 63 months is based upon a claim of contribution to the economy of Israel, the committee will also consider the existence of the Free Trade Agreement between Korea and Israel which includes a chapter on Movement of Business Persons as an additional positive indication of the contribution of the foreign expert and the employing entity requesting to continue to employ the expert, as the ratification of the above Free Trade Agreement between Korea and Israel signifies the importance of the trade relationship and the movement of business persons between the two countries.

I have the honor to propose that this letter and your letter in reply confirming that your Government shares this understanding shall constitute an integral part of the Free Trade Agreement. I look forward to working closely with you and your Government in connection with the implementation of the Free Trade Agreement.

I have the further honor to confirm that my Government shares this understanding and that your letter and this letter in reply shall constitute an integral part of the Free Trade Agreement.

Sincerely,
Yoo Myung-hee
Minister for Trade
Sejong, Republic of Korea

CHAPTER 12
TELECOMMUNICATIONS

ARTICLE 12.1: SCOPE

1. This Chapter shall apply to measures affecting trade in telecommunications services, including:
 - (a) measures relating to access to and use of public telecommunications services;
 - (b) measures relating to obligations of suppliers of public telecommunications services;
 - (c) other measures relating to public telecommunications networks or services; and
 - (d) measures relating to the supply of value-added services.
2. This Chapter shall not apply to any measure relating to broadcast or cable distribution of radio or television programming, except that:
 - (a) Article 12.2 shall apply with respect to cable or broadcast service suppliers' access to and use of public telecommunications services; and
 - (b) Article 12.20 shall apply to any technical measures to the extent that such measures also affect public telecommunications services.
3. Nothing in this Chapter shall be construed to:
 - (a) require a Party, or require a Party to compel any service supplier, to establish, construct, acquire, lease, operate, or supply telecommunications networks or services not offered to the public generally;
 - (b) require a Party to compel any service supplier exclusively engaged in the broadcast or cable distribution of radio or television programming to make available its broadcast or cable facilities as a public telecommunications network; or
 - (c) prevent a Party from prohibiting persons operating private networks from using their private networks to supply public telecommunications networks or services to third persons.
4. This Chapter is subject to Annex 12-A.

Section A: Access to and Use of Public Telecommunications Networks and Services

ARTICLE 12.2: ACCESS AND USE

1. Each Party shall ensure that service suppliers of the other Party have access to and use of any public telecommunications network or service, including leased circuits, offered in its territory or across its borders, on reasonable and non-discriminatory terms and conditions, including as set out in paragraphs 2 through 6.
2. Each Party shall ensure that service suppliers of the other Party are permitted to:
 - (a) purchase or lease and attach terminal or other equipment that interfaces with a public telecommunications network;
 - (b) provide services to individual or multiple end-users over leased or owned circuits;
 - (c) connect owned or leased circuits with public telecommunications networks and services or with circuits leased or owned by the other enterprise;
 - (d) perform switching, signaling, processing, and conversion functions; and
 - (e) use operating protocols of their choice.
3. Each Party shall ensure that service suppliers of the other Party may use public telecommunications services for the movement of information in its territory or across its borders, including for intra-corporate communications, and for access to information contained in databases or otherwise stored in machine-readable form in the territory of either Party.
4. Notwithstanding paragraph 3, a Party may take such measures as are necessary to ensure the security and confidentiality of messages, or protect the privacy of personal data of end-users to public telecommunications services, provided that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination or disguised restriction on trade in services.
5. Each Party shall ensure that no condition is imposed on access to and use of public telecommunications networks and services, other than as necessary to:
 - (a) safeguard the public service responsibilities of suppliers of public telecommunications networks and services, in particular their ability to make their networks or services available to the public generally; or
 - (b) protect the technical integrity of public telecommunications networks or services.
6. Provided that conditions for access to and use of public telecommunications networks and services satisfy the criteria set out in paragraph 5, such conditions may include:

- (a) a requirement to use specified technical interfaces, including interface protocols, for interconnection with such networks or services;
- (b) requirements, where necessary, for the inter-operability of such networks and services;
- (c) type approval of terminal or other equipment that interfaces with the network and technical requirements relating to the attachment of that equipment to such networks; or
- (d) a licensing, permit, registration, or notification procedure which, if adopted or maintained, is transparent and provides for the processing of applications filed thereunder in accordance with the Party's national law or regulation.

Section B: Suppliers of Public Telecommunications Services

ARTICLE 12.3: OBLIGATIONS RELATING TO SUPPLIERS OF PUBLIC TELECOMMUNICATIONS SERVICES⁴¹

Interconnection

1. Each Party shall ensure that:
 - (a) suppliers of public telecommunications services in its territory provide, directly, or indirectly within the same territory, interconnection with suppliers of public telecommunications services of the other Party at reasonable rates; and
 - (b) in carrying out subparagraph (a), suppliers of public telecommunications services in its territory take reasonable steps to protect the confidentiality of commercially sensitive information of, or relating to, suppliers and end-users of public telecommunications services obtained as a result of interconnection arrangements and only use such information for the purpose of providing these services.

Number Portability

2. Each Party shall ensure that suppliers of public telecommunications 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.

Access to Telephone Numbers

⁴¹ Article 12.3.3 shall not apply to Korea with respect to suppliers of international public telecommunications services.

3. Each Party shall ensure that suppliers of public telecommunications services of the other Party in the Party's territory, other than suppliers of international public telecommunications services, are afforded non-discriminatory access to telephone numbers.

Section C: Additional Obligations Relating to Major Suppliers

ARTICLE 12.4: TREATMENT BY MAJOR SUPPLIERS

Each Party shall ensure that a major supplier in its territory accords suppliers of public telecommunications services of the other Party treatment no less favorable than such major supplier accords to its subsidiaries, its affiliates, or non-affiliated service suppliers regarding:

- (a) the availability, provisioning, rates, or quality of like public telecommunications services; and
- (b) the availability of technical interfaces necessary for interconnection.

ARTICLE 12.5: COMPETITIVE SAFEGUARDS

1. Each Party shall maintain appropriate measures for the purpose of preventing suppliers of public telecommunications services that, alone or together, are a major supplier in its territory from engaging in or continuing anticompetitive practices.
2. The anticompetitive practices referred to in paragraph 1 include in particular:
 - (a) engaging in anticompetitive cross-subsidization;
 - (b) using information obtained from competitors with anticompetitive results; and
 - (c) not making available, on a timely basis, to suppliers of public telecommunications services, technical information about essential facilities and commercially relevant information that are necessary for them to provide services.

ARTICLE 12.6: RESALE

1. Each Party shall ensure that a major supplier in its territory does not impose unreasonable or discriminatory conditions or limitations on the resale of its public telecommunications services.

2. Where a Party requires a major supplier of public telecommunications services in its territory to offer for resale, to suppliers of public telecommunications services of the other Party, public telecommunications services that such major supplier provides at retail to end-users that are not suppliers of public telecommunications services, it shall ensure that such services are offered for resale at reasonable rates.

ARTICLE 12.7: UNBUNDLING OF NETWORK ELEMENTS

Each Party shall provide its telecommunications regulatory body the authority to require a major supplier in its territory to offer access to network elements on an unbundled basis on terms and conditions, and at cost-oriented rates, that are reasonable, non-discriminatory, and transparent for the supply of public telecommunications services.

ARTICLE 12.8: INTERCONNECTION

General Terms and Conditions

1. Each Party shall ensure that a major supplier in its territory provides interconnection for the facilities and equipment of suppliers of public telecommunications services of the other Party:
 - (a) at any technically feasible point in the major supplier's network;
 - (b) under non-discriminatory terms, conditions (including technical standards and specifications), and rates;
 - (c) of a quality no less favorable than that provided by the major supplier for its own like services, for like services of non-affiliated service suppliers, or for its subsidiaries or other affiliates;
 - (d) in a timely fashion, and 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 suppliers need not pay for network components or facilities that they do not require for the service to be provided; and
 - (e) on 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.

Options for Interconnecting with Major Suppliers

2. Each Party shall ensure that suppliers of public telecommunications networks or services of the other Party may interconnect their facilities and equipment with those of major suppliers in its territory in accordance with at least one of the following:

- (a) a reference interconnection offer or another standard interconnection offer containing the rates, terms, and conditions that the major supplier offers generally to suppliers of public telecommunications networks or services;
- (b) the terms and conditions of an existing interconnection agreement in effect; or
- (c) through negotiation of a new interconnection agreement.

Public Availability of Interconnection Offers and Agreements

- 3. Each Party shall make publicly available the applicable procedures for interconnection negotiations with a major supplier in its territory.
- 4. Each Party shall provide a means for suppliers of the other Party to obtain the rates, terms and conditions necessary for interconnection offered by a major supplier. Such means include, at a minimum, ensuring:
 - (a) the public availability of interconnection agreements in effect between a major supplier in its territory and other suppliers of public telecommunications services in its territory; or
 - (b) the public availability of rates, terms, and conditions for interconnection with a major supplier set by the telecommunications regulatory body.

ARTICLE 12.9: PROVISIONING AND PRICING OF LEASED CIRCUITS SERVICES⁴²

- 1. Each Party shall ensure that a major supplier in its territory provides service suppliers of the other Party leased circuits services that are public telecommunications services on terms and conditions, and at rates, that are reasonable and non-discriminatory.
- 2. In carrying out paragraph 1, each Party shall provide its telecommunications regulatory body the authority to require a major supplier in its territory to offer leased circuits services that are public telecommunications services to service suppliers of the other Party at capacity-based, cost-oriented prices.

ARTICLE 12.10: CO-LOCATION

- 1. Subject to paragraphs 2 and 3, each Party shall ensure that a major supplier in its territory provides to suppliers of public telecommunications services of the other Party in the Party's territory physical co-location of equipment necessary for interconnection or access to unbundled network elements on terms and conditions, and at cost-oriented

⁴² Article 12.9 shall not be construed to require a Party to ensure that the major supplier provides leased circuits as an unbundled network element.

rates, that are reasonable, non-discriminatory, and transparent.

2. Where physical co-location is not required or not practical for technical reasons or because of space limitations, each Party shall ensure that a major supplier in its territory provides an alternative solution on terms and conditions, and at cost-oriented rates, that are reasonable, non-discriminatory, and transparent.
3. Each Party may determine, in accordance with its laws and regulations, which premises in its territory are subject to paragraphs 1 and 2.

ARTICLE 12.11: ACCESS TO POLES, DUCTS, CONDUITS, AND RIGHTS-OF-WAY

1. Each Party shall ensure that a major supplier in its territory affords access to poles, ducts, conduits, and rights-of-way owned or controlled by the major supplier to suppliers of public telecommunications services of the other Party in the Party's territory on terms and conditions, and at rates, that are reasonable, non-discriminatory, and transparent.
2. Each Party may determine in accordance with its laws and regulations the poles, ducts, conduits, rights of way or other structures to which it requires major suppliers in its territory to provide access under paragraph 1.

Section D: Other Measures

ARTICLE 12.12: SUBMARINE CABLE SYSTEMS

Where a supplier of telecommunications networks or services operates a submarine cable system to provide public telecommunications networks or services, the Party in whose territory the supplier is located shall ensure that such supplier accords the suppliers of public telecommunication networks or services of the other Party reasonable and non-discriminatory treatment with respect to access⁴³ to that submarine cable system (including landing facilities) in its territory.

ARTICLE 12.13: CONDITIONS FOR THE SUPPLY OF VALUE-ADDED SERVICES

⁴³ For greater certainty:

- (a) access to submarine cable landing facilities is subject to capacity; and
- (b) with respect to access for suppliers of public telecommunications networks or services of the other Party that do not own facilities in the territory of the Party, a Party may comply with this provision by ensuring access to submarine cable systems through facilities leased from, or public telecommunications services provided by, a supplier of public telecommunications networks or services licensed in its territory.

1. Neither Party may require an enterprise in its territory that it classifies as a supplier of value-added services and that supplies those services over facilities that the enterprise does not own to:
 - (a) supply those services to the public generally;
 - (b) cost-justify its rates for those services;
 - (c) file a tariff for those services;
 - (d) connect its networks with any particular customer for the supply of those services; or
 - (e) conform with any particular standard or technical regulation of the telecommunications regulatory body for connecting to any other network, other than a public telecommunications network.
2. Notwithstanding paragraph 1, a Party may take the actions described in paragraph 1 to remedy a practice of a supplier of value-added services that the Party has found in a particular case to be anticompetitive under its law or regulations, or to otherwise promote competition or safeguard the interests of consumers.

ARTICLE 12.14: INDEPENDENT REGULATORY BODIES

1. Each Party shall ensure that its telecommunications regulatory body is separate from, and not accountable to, any supplier of public telecommunications services. With a view to ensuring the independence and impartiality of telecommunications regulatory bodies, each Party shall ensure that its telecommunications regulatory body does not own equity⁴⁴ or maintain an operating or management role in any such supplier.
2. Each Party shall ensure that its regulatory decisions and procedures, including decisions and procedures relating to licensing, interconnection with public telecommunications networks and services, tariffs, and assignment or allocation of spectrum for non-government public telecommunications services, are impartial with respect to all market participants.

ARTICLE 12.15: UNIVERSAL SERVICE

Each Party shall administer any universal service obligation that it maintains in a

⁴⁴ For greater certainty, Article 12.14 shall not be construed to prohibit a government entity of a Party other than the telecommunications regulatory body from owning equity in a supplier of public telecommunications services.

transparent, non-discriminatory, and competitively neutral manner and shall ensure that its universal service obligation is not more burdensome than necessary for the kind of universal service that it has defined.

Article 12.16: LICENSING PROCESS

1. When a Party requires a supplier of public telecommunications services to have a license, the Party shall make publicly available:
 - (a) all the licensing criteria and procedures it applies;
 - (b) the period it normally requires to reach a decision concerning an application for a license; and
 - (c) the terms and conditions of all licenses in effect.
2. Each Party shall ensure that, on request, an applicant receives the reasons for the denial of, revocation of, refusal to renew, or imposition of conditions on a license.

ARTICLE 12.17: ALLOCATION AND USE OF SCARCE RESOURCES

1. Each Party shall administer its procedures for the allocation and use of scarce telecommunications resources, including frequencies, numbers, and rights-of-way, in an objective, timely, transparent, and non-discriminatory manner.
2. Each Party shall make publicly available the current state of allocated frequency bands, but retains the right not to provide detailed identification of frequencies allocated or assigned for specific government uses.
3. A Party's measures allocating and assigning spectrum and managing frequency shall not be considered inconsistent with Article 10.4 (Market Access) either as it applies to cross-border trade in services or through the operation of Article 10.1.3 (Scope) to an investor or covered investment of the other Party. Accordingly, each Party retains the right to establish and apply spectrum and frequency management measures that may have the effect of limiting the number of suppliers of public telecommunications services, provided that it does so in a manner consistent with this Agreement. This includes the ability to allocate frequency bands, taking into account current and future needs and spectrum availability.
4. Each Party shall endeavor to allocate and assign spectrum for non-government telecommunications services in a manner that encourages economically efficient use of the spectrum and competition among suppliers of telecommunications services, recognizing that a Party may encourage this behavior through a variety of means, including through administrative incentive pricing, auctions, or unlicensed use.

ARTICLE 12.18: ENFORCEMENT

Each Party shall provide its telecommunications regulatory body with the authority to enforce the Party's measures relating to the obligations set out in Articles 12.2 through 12.12. That authority shall include the ability to impose effective sanctions which may include financial penalties, injunctive relief (on an interim or final basis), corrective orders, or the modification, suspension, or revocation of licenses.

ARTICLE 12.19: RESOLUTION OF TELECOMMUNICATIONS DISPUTES

Further to Articles 16.3 (Administrative Proceedings) and 16.4 (Review and Appeal), each Party shall ensure that:

Recourse

- (a) (i) service supplier may have recourse to a telecommunications regulatory body of the Party to resolve disputes regarding the Party's measures relating to matters set out in Articles 12.2 through 12.12; and
- (ii) suppliers of public telecommunications services of the other Party that have requested interconnection with a major supplier in the Party's territory may seek review, within a reasonable and publicly specified period after the supplier requests interconnection, by its telecommunications regulatory body to resolve disputes regarding the terms, conditions, and rates for interconnection with that major supplier; and

Judicial Review

- (b) any service supplier whose legally protected interests are adversely affected by a determination or decision of the Party's telecommunications regulatory body may obtain review of the determination or decision by an impartial and independent judicial authority of the Party. No Party may permit an application for judicial review to constitute grounds for non-compliance with the determination or decision of the telecommunications regulatory body unless the relevant judicial body stays the determination or decision.

ARTICLE 12.20: TRANSPARENCY

Further to Article 16.1 (Publication), each Party shall ensure that:

- (a) regulatory decisions, including the basis for such decisions, of its telecommunications regulatory body are promptly published or otherwise made available to all interested persons;
- (b) where applicable, interested persons are provided with adequate advance public notice of, and reasonable opportunity to comment on, any rulemaking that its

telecommunications regulatory body proposes;

- (c) its telecommunications regulatory body responds in its rulemaking to all significant and relevant issues raised in comments filed with the telecommunications regulatory body; and
- (d) its measures relating to public telecommunications services are made publicly available, including:
 - (i) measures relating to
 - (A) tariffs and other terms and conditions of service;
 - (B) specifications of technical interfaces;
 - (C) conditions for attaching terminal or other equipment to the public telecommunications network; and
 - (D) notification, permit, registration, or licensing requirements, if any; and
 - (ii) procedures relating to judicial and other adjudicatory proceedings.

ARTICLE 12.21: MEASURES CONCERNING TECHNOLOGIES AND STANDARDS⁴⁵

1. No Party shall prevent suppliers of public telecommunications networks or services or value-added services from having the flexibility to choose the technologies that they use to supply their services.
2. Notwithstanding paragraph 1, a Party may apply a measure that limits the technologies or standards that a supplier of public telecommunications networks or services or value-added services may use to supply its services, provided that the measure is designed to satisfy a legitimate public policy objective and is not prepared, adopted or applied in a manner that creates unnecessary obstacles to trade.⁴⁶

ARTICLE 12.22: RELATION TO OTHER CHAPTERS

⁴⁵ For greater certainty, except for paragraph 1, this Article shall not apply to measures adopted before the date of entry into force of this Agreement.

⁴⁶ For greater certainty:

- (a) a Party retains the right to define its own legitimate public policy objectives; and
- (b) whenever such a measure is based on relevant international standards, it shall be presumed not to create unnecessary obstacles to trade.

In the event of any inconsistency between this Chapter and any other Chapter, this Chapter shall prevail to the extent of the inconsistency.

ARTICLE 12.23: DEFINITIONS

For the purposes of this Chapter:

commercial mobile services means public telecommunications services supplied through mobile wireless means;

cost-oriented means based on cost, and may include a reasonable profit, and may involve different cost methodologies for different facilities or services;

end-user means a final consumer of or subscriber to a public telecommunications service, including a service supplier other than a supplier of public telecommunications services;

enterprise means an enterprise as defined in Article 1.7 (Definitions) and includes a branch of an enterprise;

essential facilities means facilities of a public telecommunications network or service that:

- (a) are exclusively or predominantly provided by a single or limited number of suppliers; and
- (b) cannot feasibly be economically or technically substituted in order to supply a service;

interconnection means linking with suppliers providing public telecommunications 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;

leased circuits means telecommunications facilities between two or more designated points that are set aside for the dedicated use of, or availability to, a user;

major supplier means a supplier of public telecommunications services that has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for public telecommunications services as a result of:

- (a) control over essential facilities; or
- (b) use of its position in the market;

network element means a facility or equipment used in supplying a public telecommunications service, including features, functions, and capabilities provided by means of that facility or equipment;

non-discriminatory means treatment no less favorable than that accorded to any other user of like public telecommunications networks or services in like circumstances;

number portability means the ability of end-users of public telecommunications 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 services;

physical co-location means physical access to space in order to install, maintain, or repair equipment, at premises owned or controlled and used by a supplier to provide public telecommunications services;

public telecommunications network means telecommunications infrastructure used to provide public telecommunications services;

public telecommunications service means any telecommunications service that a Party requires, explicitly or in effect, to be offered to the public generally. Such services may include, *inter alia*, telephone and data transmission typically involving customer-supplied information between two or more points without any end-to-end change in the form or content of the customer's information, and excludes value-added services;

reference interconnection offer means an interconnection offer extended by a major supplier and filed with or approved by a telecommunications regulatory body that sufficiently details the terms, rates, and conditions for interconnection such that a supplier of public telecommunications services that is willing to accept it may obtain interconnection with the major supplier on that basis;

service supplier of the other Party means, with respect to a Party, a person that is either a covered investment in the territory of the Party or a person of the other Party and that seeks to supply or supplies services in or into the territory of the Party, and includes a supplier of public telecommunications services;

telecommunications means the transmission and reception of signals by any electromagnetic means;

telecommunications regulatory body means a body at the central level of government responsible for the regulation of telecommunications;

user means a service consumer or a service supplier; and

value-added services means services that add value to telecommunications services

through enhanced functionality.⁴⁷

⁴⁷ For Korea, this specifically means those services as defined in subparagraph 12 of Article 2 of the *Telecommunications Business Act*.

ANNEX 12-A

Korea

1. Articles 12.7, 12.8.1 (a), 12.8.1 (e), 12.8.2 (c), 12.10 and 12.11 shall not apply to Korea with respect to non-facilities-based suppliers of public telecommunications services.
2. With respect to Articles 12.8.1 (b) through 12.8.1 (d) and 12.9, Korea may permit major suppliers to offer rates, terms, and conditions to non-facilities-based suppliers of public telecommunications services that are less favorable than those offered to facilities-based suppliers of public telecommunications services. For greater certainty, Korea shall ensure that a non-facilities-based supplier of public telecommunications services may have recourse, as provided in Article 12.19, to the telecommunications regulatory body regarding disputes over such rates, terms, and conditions.
3. Consistent with Article 5.3 of the *Telecommunications Business Act*, a **non-facilities-based supplier** is a licensed supplier of public telecommunications services that does not own wire or wireless lines or other transmission facilities, but may own a switch, router, or multiplexer, and supplies its public telecommunications services through transmission facilities of a licensed facilities-based supplier.
4. Articles 12.7 and 12.9 through 12.11 shall not apply to Korea with respect to suppliers of commercial mobile services.

Israel

1. For Israel, **suppliers of public telecommunications services** refers, for the purposes of this chapter, to licensed service suppliers in accordance with Israel's licensing regime.

CHAPTER 13
ELECTRONIC COMMERCE

ARTICLE 13.1: GENERAL

The Parties recognize the economic growth and opportunity 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.

ARTICLE 13.2: ELECTRONIC SUPPLY OF SERVICES

1. The Parties affirm that measures affecting the supply of a service delivered or performed electronically are subject to the obligations contained in the relevant provisions of Chapters 9 (Investment) and 10 (Cross-Border Trade in Services), which are subject to any exceptions or non-conforming measures set out in this Agreement that are applicable to such obligations.

2. This Chapter shall not apply to government procurement.

ARTICLE 13.3: CUSTOMS DUTIES

1. No Party may impose customs duties on or in connection with electronic transmissions of digital products.

2. For greater certainty, paragraph 1 does not preclude a Party from imposing internal taxes or other internal charges on electronic transmissions of digital products, provided that the taxes or charges are imposed in a manner consistent with this Agreement.

ARTICLE 13.4: NON-DISCRIMINATORY TREATMENT OF DIGITAL PRODUCTS

1. No Party may accord less favorable treatment to some digital products⁴⁸ transmitted electronically than it accords to other like digital products

(a) on the basis that:

(i) the digital products receiving less favorable treatment are created, produced, published, stored, transmitted, contracted for, commissioned or first made available on commercial terms in the territory of the other Party; or

(ii) the author, performer, producer, developer, distributor or owner of such digital products is a person of the other Party; or

(b) so as otherwise to afford protection to other like digital products that are created, produced, published, stored, transmitted, contracted for, commissioned or first made available on commercial terms in its territory.

2. Paragraph 1 does not apply to measures adopted or maintained in accordance with Article 9.12 (Non-Conforming Measures) or 10.6 (Non-Conforming Measures).

3. Paragraph 1 does not apply to:

(a) subsidies or grants that a Party provides to a service or service supplier, including government-supported loans, guarantees and insurance; or

(b) services supplied in the exercise of governmental authority, as defined in Article 10.1 (Scope).

⁴⁸ Recognizing the Parties' objective of promoting bilateral trade, "some digital products" in paragraph 1 refers solely to those digital products created, produced, published, contracted for, or commissioned in the territory of the other Party, or digital products of which the author, performer, producer, developer, or owner is a person of the other Party.

ARTICLE 13.5: ELECTRONIC AUTHENTICATION AND ELECTRONIC SIGNATURES

1. Except where otherwise provided for in its law, a Party shall not deny the legal validity of a signature solely on the basis that the signature is in electronic form.
2. No Party may adopt or maintain measures for electronic authentication that would:
 - (a) prohibit parties to an electronic transaction from mutually determining the appropriate authentication methods for that transaction; or
 - (b) prevent parties from having the opportunity to establish before judicial or administrative authorities that their electronic transaction complies with any legal requirements with respect to authentication.
3. Notwithstanding paragraph 2, a Party may require that, for a particular category of transactions, the method of authentication meet certain performance standards or be certified by an authority accredited in accordance with the Party's law, provided the requirement:
 - (a) serves a legitimate governmental objective; and
 - (b) is substantially related to achieving that objective.

ARTICLE 13.6: ONLINE CONSUMER PROTECTION

1. The Parties recognize the importance of maintaining and adopting transparent and effective measures to protect consumers from fraudulent and deceptive commercial practices when they engage in electronic commerce.
2. The Parties recognize the importance of cooperation between their respective national consumer protection agencies on activities related to cross-border electronic commerce in order to enhance consumer welfare.
3. Each Party's national consumer protection enforcement agencies shall endeavor to cooperate with those of the other Party in appropriate cases of mutual concern involving fraudulent and deceptive commercial practices in electronic commerce.

ARTICLE 13.7: PERSONAL DATA PROTECTION

Recognizing the importance of protecting personal data in electronic commerce, each Party

shall adopt or maintain measures for the protection of the personal data of users of electronic commerce and share information and experience on the protection of personal data in electronic commerce. In the development of personal data protection standards, each Party shall take into account principles and guidelines of relevant international organizations.

Article 13.8: PAPERLESS TRADING

1. Each Party shall endeavor to make trade administration documents available to the public in electronic form.

2. Each Party shall endeavor to accept trade administration documents submitted electronically as the legal equivalent of the paper version of those documents.–

Article 13.9: COOPERATION

1. The Parties shall endeavor to establish cooperation mechanisms on issues arising from electronic commerce, which will, *inter alia*, address the following:
 - (a) the recognition of certificates of electronic signature issued to the public and the facilitation of cross-border certification services;

 - (b) the protection of personal data;

 - (c) the liability of providers with respect to the transmission or storage of information;

 - (d) the treatment of unsolicited commercial electronic messages;

 - (e) technology for electronic commerce;

 - (f) the protection of consumers in the field of electronic commerce; and

(g) any other issue relevant for the development of electronic commerce.

2. The Parties shall endeavor to share information and experiences on laws and regulations related to electronic commerce and shall cooperate to help micro, small and medium-sized enterprises overcome the obstacles they face in the use of electronic commerce.

3. Recognizing the global nature of electronic commerce, the Parties agree to actively participate in regional and multilateral fora to promote the development of electronic commerce and to exchange views, as necessary, within the framework of such fora on issues related to electronic commerce.

ARTICLE 13.10: DEFINITIONS

For the purposes of this Chapter:

digital products means computer programs, text, video, images, sound recordings, and other products that are digitally encoded and produced for commercial sale or distribution;^{49 50}

electronic authentication means the process or act of verifying the identity of a party to an electronic communication or transaction or ensuring the integrity of an electronic communication;

electronic signature means data in electronic form that is in, affixed to or logically associated with an electronic document and that may be used to identify the signatory in relation to the electronic document and indicate the signatory's approval of the information contained in the electronic document;

electronic transmission or **transmitted electronically** means the transfer of digital products using any electromagnetic or photonic means;

⁴⁹ For greater certainty, digital product does not include a digitized representation of a financial instrument.

⁵⁰ The definition of digital product should not be understood to reflect a Party's view on whether digital products transmitted electronically are goods or services.

personal data means any information about an identified or identifiable natural person;

trade administration documents means forms a Party issues or controls that must be completed by or for an importer or exporter in connection with the import or export of goods;
and

unsolicited commercial electronic messages means an electronic message including a voice or fax message which is sent for commercial purposes to a consumer without the consent of the recipient, or against the explicit rejection of the recipient, using an internet carriage service or other telecommunications services.

CHAPTER 14
INTELLECTUAL PROPERTY RIGHTS

Section A: General Provisions

ARTICLE 14.1: PRINCIPLES AND OBJECTIVES

1. Each Party shall endeavor to maintain intellectual property regimes that aim to:
 - (a) facilitate international trade and economic, social and cultural development through the dissemination of ideas, technology and creative works; and
 - (b) promote certainty for rights-holders and users of intellectual property in respect of the protection and enforcement of intellectual property rights.

2. The Parties recognize the need to achieve a balance between the rights of intellectual property right-holders and the legitimate interests of intellectual property users.

ARTICLE 14.2: INTERNATIONAL AGREEMENTS

1. The Parties reaffirm their rights and obligations under the TRIPS Agreement⁵¹ and any other agreements relating to intellectual property to which they are both parties.

2. Each Party shall make reasonable efforts to accede to the *Hague Agreement Concerning the International Registration of Industrial Designs* by the date of entry into force of this

⁵¹ For greater certainty, it is understood that the Parties recognize the importance of the Deceleration on the TRIPS Agreement and Public Health adopted on 14 November 2001 by the WTO Ministerial Conference.

Agreement.

ARTICLE 14.3: MORE EXTENSIVE PROTECTION AND ENFORCEMENT

Each Party may provide more extensive protection for, and enforcement of, intellectual property rights under its law than this Chapter requires, provided that the more extensive protection does not contravene this Chapter.

ARTICLE 14.4: NATIONAL TREATMENT

In respect of all categories of intellectual property covered in this Chapter, each Party shall accord to nationals of the other Party treatment no less favorable than that it accords to its own nationals with regard to the protection and enjoyment⁵² of intellectual property without derogating from Articles 3 and 5 of the TRIPS Agreement.

ARTICLE 14.5: TRANSPARENCY

With the object of making the protection and enforcement of intellectual property rights transparent, each Party shall ensure that laws, regulations and procedures concerning the protection or enforcement of intellectual property rights are in writing and are published,⁵³ or where publication is not practicable made publicly available.

Section B: Trademarks

ARTICLE 14.6: TRADEMARKS PROTECTION

1. Any sign, or any combination of signs, capable of distinguishing the goods or services

⁵² For the purposes of this Chapter, "protection" shall include matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Chapter.

⁵³ For greater certainty, a Party may satisfy the requirement in Article 14.5 to publish a law, regulation, or procedure by making it available to the public on the Internet.

of one undertaking from those of other undertakings shall be capable of constituting a trademark.

2. The Parties shall grant adequate and effective protection to marks including certification marks, collective marks and service marks for goods and services.⁵⁴

3. No Party may require, as a condition of registration, that signs be visually perceptible, nor may either Party deny registration of a trademark solely on the grounds that the sign of which it is composed is a sound.⁵⁵

4. Each Party shall provide that the owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services that are identical or similar to those goods or services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion. In the case of the use of an identical sign, for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Parties making rights available on the basis of use.

5. Each Party shall provide that initial registration and each renewal of registration of a trademark shall be for a term of no less than 10 years.

ARTICLE 14.7: EXCEPTIONS

Each Party may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

⁵⁴ For greater certainty, it is understood that a Party is not obligated to treat certification or collective marks as a separate category in that Party's law, provided that such marks are protected.

⁵⁵ For greater certainty, it is understood that the Parties may require a visually perceptible description of a sound mark.

ARTICLE 14.8: WELL-KNOWN TRADEMARKS

1. No Party may require as a condition for determining that a trademark is well-known that the trademark has been registered in the Party or in another jurisdiction, included on a list of well-known trademarks, or given prior recognition as a well-known trademark.

2. In determining whether a trademark is well known in a Party the competent authority in that Party shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge thereof in the Party concerned which has been obtained as a result of the promotion of the trademark.

3. The protection according to this Article shall not be limited to identical or similar goods or services where the registered trade mark is well known in the respective Party, provided that use of a trademark which is identical or similar to the well-known trademark above in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark, and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

4. Each Party shall provide for appropriate measures to refuse the application or cancel the registration and prohibit the use of a trademark that is identical or similar to a well-known trademark, for identical or similar goods or services, if the use of that trademark is likely to cause confusion with the prior well-known trademark.⁵⁶

ARTICLE 14.9: REGISTRATION AND APPLICATION OF TRADEMARKS

1. Each Party shall provide a system for the registration of trademarks, which shall include:
 - (a) a requirement to provide to the applicant a communication in writing, which may be provided electronically, of the reasons for a refusal to register a trademark;

 - (b) an opportunity for the applicant to respond to communications from the trademark authorities, to contest an initial refusal, and to appeal judicially a

⁵⁶ For greater certainty, it is understood that in paragraph 4 the term ‘well-known trademark’ includes unregistered well-known trademarks.

final refusal to register;

- (c) an opportunity for any person to oppose a trademark application before registration and an opportunity for interested parties to seek cancellation or invalidation of a trademark after it has been registered;
- (d) in actions for the cancellation or invalidation of a trademark which was registered in bad faith, each Party shall provide that the action may be commenced at any time and not be subject to time limitations; and
- (e) a requirement that decisions in opposition and cancellation proceedings be reasoned and in writing. Written decisions may be provided electronically.

2. Each Party shall provide a system for the electronic application for, and electronic processing, registering, and maintenance of trademarks.

3. Each Party shall provide, to the extent possible, a publicly available electronic database, including an online database, of trademark applications and registrations.⁵⁷

ARTICLE 14.10: PROTECTION OF GEOGRAPHICAL INDICATIONS

1. For the purposes of this Agreement, geographical indications are indications which identify a good as originating in the territory of a Party, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

2. Recognizing the importance of the protection of geographical indications, each Party shall provide adequate and effective protection to geographical indications in accordance with the TRIPS Agreement.

⁵⁷ For greater certainty, it is understood that this section does not require a Party to publish such information in a language other than a national language of that Party.

Section C: Patents

ARTICLE 14.11: PATENTABLE SUBJECT MATTER

1. Each Party shall make patents available for any invention, whether a product or process, in all fields of technology, provided that the invention is new, involves an inventive step, and is capable of industrial application.⁵⁸ In addition, each Party may provide that patents shall be available for any new uses or methods of using a known product.

2. Each Party may exclude from patentability⁵⁹:

- (a) inventions, the prevention within its territory of the commercial exploitation of which is necessary to protect *ordre public* or morality, including to protect human, animal, or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by its law; and
- (b) diagnostic, therapeutic, and surgical methods for the treatment of humans or animals.

ARTICLE 14.12: EXCEPTIONS

Each Party may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.

⁵⁸ A Party may treat the terms "inventive step" and "capable of industrial application" as synonymous with the terms "non-obvious" and "useful" respectively.

⁵⁹ For greater certainty, it is understood that this paragraph does not prevent a Party from legislating exceptions to patentability that are consistent with TRIPS Article 27.

ARTICLE 14.13: GRACE PERIOD

Each Party may disregard information contained in public disclosures used to determine if an invention is novel or has an inventive step if the public disclosure:

- (a) was made or authorized by, or derived from, the patent applicant; and
- (b) occurred within 12 months prior to the date of filing of the application in the territory of the Party.

ARTICLE 14.14: AMENDMENTS, CORRECTIONS, AND OBSERVATIONS

Each Party shall provide patent applicants with at least one opportunity to make amendments, corrections and observations⁶⁰ in connection with their applications.⁶¹

ARTICLE 14.15: ACCELERATED EXAMINATION

1. Each Party shall ensure that an applicant may file a request for an accelerated examination, subject to reasonable grounds and procedural requirements, including but not limited to the claimed invention being practiced after publication of the application by a person other than the applicant, in accordance with each Party's laws and regulations.

2. Recognizing the importance of improving the convenience of the applicants, each Party agrees to cooperate to enhance the accelerated examination system. Such cooperation may include:

⁶⁰ For the purposes of this article, 'observations' means an applicant's written communications with respect to the submitted application.

⁶¹ For greater certainty, it is understood that the scope of circumstances where amendments, corrections and observations are allowed may differ between each country according to its laws.

- (a) reducing the pendency of examination; or
- (b) simplifying the procedural requirements for accelerated examination.

ARTICLE 14.16: SIMPLIFICATION OF PROCEDURES

1. A Party may require the translation of an earlier application for a patent whose priority is claimed only where the earlier application is not in a language accepted by the competent authority of the Party.
2. No Party may require the certification of translation of an earlier application for a patent whose priority is claimed.

Section D: Plant Variety Protection

ARTICLE 14.17: PLANT VARIETY PROTECTION

The Parties affirm their respective rights and obligations under the *International Convention for the Protection of New Varieties of Plants (1991)*.

Section E: Designs

ARTICLE 14.18: DESIGNS PROTECTION

1. The Parties shall ensure in their national laws adequate and effective protection of industrial designs for an article or a part of an article for a period of protection of at least 15 years.

2. The owner of a protected design shall have the right to prevent third parties not having the owner's consent, at least from making, selling or importing articles bearing or embodying the protected design when such acts are undertaken for commercial purpose.

ARTICLE 14.19: EXCEPTIONS

Each Party may provide limited exceptions to the protection of designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.

Section F: Unfair Competition and Undisclosed Information

ARTICLE 14.20: UNFAIR COMPETITION

The Parties shall be bound to assure to the nationals of each Party effective protection against unfair competition. Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition. The following in particular shall be prohibited:

- (a) all acts of such a nature as to create confusion, by any means whatever, with the establishment, the goods, or the industrial or commercial activities of a competitor;
- (b) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities of a competitor; or
- (c) indications or allegations, the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity of the goods.

ARTICLE 14.21: UNDISCLOSED INFORMATION

The Parties shall protect undisclosed information in accordance with Article 39 of the TRIPS Agreement.

Section G: Copyright and Related Rights⁶²⁶³

ARTICLE 14.22: PROTECTION GRANTED

Each Party shall comply with:

- (a) Articles 1 through 22 of the *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961)* (Rome Convention); and
- (b) Articles 1 through 18 of the *Berne Convention for the Protection of Literary and Artistic Works (1971)* (Berne Convention)

including the reservations and exceptions provided for therein.

⁶² For the purposes of this Chapter, except Article 14.25:

- (a) the terms "authors", "performers" and "producers of phonograms" refer also to any successors in title; and
- (b) the term "authors" also refers to any entity that would be deemed as the first owner of copyright of a work according to the law of the Party, such as an employer.

⁶³ For the purposes of this Chapter, a "performance" means a performance fixed in a phonogram.

ARTICLE 14.23: RIGHT OF REPRODUCTION

Each Party shall provide that authors and producers of phonograms have the right to authorize or prohibit⁶⁴ all reproductions of their works and phonograms, in any manner or form, permanent or temporary (including temporary storage in electronic form).

ARTICLE 14.24: RIGHT OF MAKING AVAILABLE TO THE PUBLIC

Each Party shall provide to authors and phonogram producers the right to authorize or prohibit the making available to the public of their works and phonograms in such a way that members of the public may access them from a place and at a time individually chosen by them.

ARTICLE 14.25: TERM OF PROTECTION

1. Each Party shall provide that, when the term of protection of a work is to be calculated on the basis of the life of a natural person, the term shall be not less than the life of the author and 70 years after the author's death.

2. Each Party shall provide that the term of protection shall not be less than 70 years from the time when the performance takes place.

ARTICLE 14.26: NO FORMALITY

No Party may subject the enjoyment and exercise of the rights of authors and producers of phonograms provided for in this Chapter to any formality.

ARTICLE 14.27: CONTRACTUAL TRANSFERS

⁶⁴ For the purposes of this Chapter, the “right to authorize or prohibit” refers to exclusive rights.

Each Party shall provide that for rights of authors and phonogram producers, any person acquiring or holding any economic right in a work or in a phonogram may transfer those rights in full or in part by contract.

ARTICLE 14.28: LIMITATIONS AND EXCEPTIONS

The Parties may, in their legislation, provide for limitations and exceptions to the rights granted to the right holders referred to in this Section in certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holders.

ARTICLE 14.29: COLLECTIVE MANAGEMENT OF COPYRIGHT AND RELATED RIGHTS

Each Party recognizes the importance of the establishment of arrangements between their respective collecting societies for the purposes of mutually ensuring easier access and delivery of content between the Parties, as well as ensuring mutual transfer of royalties for use of the Parties' works, performances, or phonograms. Each Party shall endeavor to achieve a high level of rationalization and to improve transparency with respect to the execution of the task of their respective collecting societies.

ARTICLE 14.30: RIGHTS OF PERFORMERS

In accordance with their rights and obligations under the Rome Convention, each Party shall provide that the protection provided for performers shall include the possibility of preventing:

- (a) the broadcasting and the communication to the public, without their consent, of their performance, except where the performance used in the broadcasting or the public communication is itself already a broadcast performance or is made from a fixation; and
- (b) the fixation, without their consent, of their unfixed performance.

Section H: Enforcement

Sub-Section A: General Obligations

ARTICLE 14.31: ENFORCEMENT PRACTICES WITH RESPECT TO INTELLECTUAL PROPERTY RIGHTS

In accordance with the laws and regulations of each Party:

- (a) each Party shall provide that final judicial decisions and administrative rulings of general application pertaining to the enforcement of intellectual property rights be in writing and state any relevant findings of fact and the reasoning or the legal basis on which the decisions and rulings are based; and
- (b) each Party shall also provide that those decisions and rulings be published⁶⁵ or, where publication is not practicable, otherwise made available to the public, in its national language in such a manner as to enable the public and right holders to become acquainted with them.

ARTICLE 14.32: MEASURES AGAINST INFRINGEMENT ON THE INTERNET

Each Party shall take measures to curtail infringement of copyright on the Internet or other digital networks.⁶⁶

⁶⁵ A Party may satisfy the publication requirement by making the decision or ruling available to the public on the Internet.

⁶⁶ For greater certainty, it is understood that such measures may include, but are not limited to, legislation, guidelines, policies, awareness campaigns, etc.

Sub-Section B: Civil and Administrative Procedures and Remedies

ARTICLE 14.33: ENTITLED RIGHT HOLDERS

Each Party shall make available to right holders⁶⁷ the civil judicial procedures concerning the enforcement of any intellectual property right covered in this Chapter.

ARTICLE 14.34: DAMAGES

Each Party shall provide that:

- (a) in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer to pay the right holder:
 - (i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement; or
 - (ii) at least in the case of copyright or related rights infringement and trademark counterfeiting, the profits of the infringer that are attributable to the infringement, which may be presumed to be the amount of damages referred to in sub-subparagraph (i).
- (b) in determining damages for infringement of intellectual property rights, its judicial authorities may consider, *inter alia*, the value of the infringed good or service, measured by the market price, the suggested retail price, or other legitimate measure of value submitted by the right holder.

⁶⁷ For the purposes of this Article, “right holder” includes a person that exclusively has any one or more of the intellectual property rights encompassed in a given intellectual property and also a federation or an association having the legal standing and authority to assert such rights.

ARTICLE 14.35: PRE-ESTABLISHED DAMAGES

In civil judicial proceedings, at least with respect to works, phonograms, and performances protected by copyright or related rights and in cases of trademark counterfeiting, each Party may establish or maintain pre-established damages, which shall be available on the election of the right holder.

ARTICLE 14.36: LEGAL COSTS

The judicial authorities of each Party shall also have the authority to order an infringer to pay the right holder expenses, which may include appropriate attorney's fees.

ARTICLE 14.37: SEIZURE

In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting, each Party shall provide that its judicial authorities shall have the authority in accordance with its laws and regulations to order the seizure of allegedly infringing goods, materials, and implements relevant to the act of infringement, and, at least for trademark counterfeiting, documentary evidence relevant to the infringement.⁶⁸

ARTICLE 14.38: OTHER REMEDIES INCLUDING DESTRUCTION

In order to create an effective deterrent to infringement, the judicial authorities of the Parties shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, destroyed or unless this would be contrary to its laws and regulations, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder. The judicial authorities of the Parties shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. In regard

⁶⁸ A Party may fulfill this obligation by provisional measures.

to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.

ARTICLE 14.39: INFORMATION RELATED TO INFRINGEMENT

Each Party shall provide that in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities⁶⁹ shall have the authority, when it deems appropriate for the purposes of collecting evidence, to order a party to provide any information relevant to the infringement to the judicial authorities or to the right holders.

ARTICLE 14.40: CONFIDENTIALITY ORDER

1. Each Party shall provide that its judicial authorities have the authority to fine or imprison, in appropriate cases, a party to a civil judicial proceeding who fails to abide by valid orders issued by such authorities.

2. Each Party shall provide that in relation to a civil judicial proceeding concerning the enforcement of intellectual property rights, that Party's judicial or other authorities have the authority to impose sanctions on a party, counsel, experts, or other persons subject to the court's jurisdiction, for violation of judicial orders concerning the protection of confidential information produced or exchanged in connection with that proceeding.

ARTICLE 14.41: PROHIBITION OF INFRINGING IMPORTS AND EXPORTATION

In civil judicial proceedings concerning the enforcement of intellectual property rights, each Party shall provide that its judicial authorities shall have the authority to order a party to desist from an infringement, in order, *inter alia*, to prevent infringing imports from entering the channels of commerce and to prevent the exportation of infringing goods.

ARTICLE 14.42: ALTERNATIVE DISPUTE RESOLUTION

Each Party may permit use of alternative dispute resolution procedures to resolve civil disputes concerning intellectual property rights.

⁶⁹ In accordance with each Party's laws and regulations.

ARTICLE 14.43: PROVISIONAL MEASURES

1. Each Party shall provide that its judicial authorities have the authority to order prompt and effective provisional measures:

- (a) to prevent an infringement of any intellectual property right from occurring, and in particular, to prevent goods that involve the infringement of an intellectual property right from entering into the channels of commerce in a Party's jurisdiction; and
- (b) to preserve relevant evidence in regard to the alleged infringement.

2. Each Party shall provide that its judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

Sub-Section C: Special Requirements Related to Border Measures

ARTICLE 14.44: SCOPE OF BORDER MEASURES

Each Party shall, in conformity with the provisions of Part III, Section 4 of the TRIPS Agreement, adopt procedures to enable a right holder, who has valid grounds for suspecting

that the importation of counterfeit trademark or pirated copyright goods⁷⁰ may take place, to lodge an application in writing with the competent authorities, administrative or judicial, in the Party in which the border measure procedures are applied, for the suspension by that Party's customs authorities of the release into free circulation of such goods. A Party may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. A Party may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territory.⁷¹

ARTICLE 14.45: SECURITY OR EQUIVALENT ASSURANCE

Each Party shall provide that its competent authorities have the authority to require a right holder that requests the procedures provided for in this Section to provide a reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Each Party shall provide that this security or equivalent assurance does not unreasonably deter recourse to these procedures.

ARTICLE 14.46: DISCLOSURE OF INFORMATION

Where its competent authorities have suspended or seized goods that are suspected of being counterfeit or pirated, in accordance with its laws pertaining to the protection of personal information, a Party shall provide that its competent authorities have the authority to inform the right holder, upon his request, of the names and the addresses of the importer and to provide the right holder with samples of said goods.

⁷⁰ For the purposes of this Chapter:

- (a) "**counterfeit trademark goods**" means any goods, including packaging bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation; and
- (b) "**pirated copyright goods**" means any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or related right under the law of the Party in which the border measure procedures are applied.

⁷¹ For greater certainty, it is the understanding of the Parties that there shall be no obligation to apply the procedures set forth in this Section to goods put on the market in another country by or with the consent of the right holder in that country.

ARTICLE 14.47: DE MINIMIS IMPORTS

Each Party may exclude from the application of this Article small quantities of goods of a non-commercial nature contained in travelers' personal luggage or sent in small consignments.

ARTICLE 14.48: DESTRUCTION

Each Party may provide that goods that have been suspended from release by its customs authorities, and that have been forfeited as pirated or counterfeit, shall be destroyed, except in exceptional circumstances and in regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of the goods into the channels of commerce.

Sub-Section D: Criminal Procedures and Remedies

ARTICLE 14.49: CRIMINAL PROCEDURES AND PENALTIES

Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale and may treat related rights piracy similarly.⁷²

ARTICLE 14.50: PENALTIES, SEIZURE, FORFEITURE, AND DESTRUCTION

Further to the Article 14.49, each Party shall provide:

- (a) penalties that include sentences of imprisonment as well as monetary fines

⁷² For greater certainty, it is understood that unauthorized copying of a cinematographic work from a performance thereof in a movie theatre, for purposes of trading therein, is included under this provision. For the purposes of this Article, a Party may treat the term "copying" as synonymous with "reproduction".

sufficient to provide a deterrent to future infringements, consistent with a policy of removing the infringer's monetary incentive;

- (b) that in appropriate cases, remedies available shall also include seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence; and
- (c) that its authorities may initiate legal action *ex officio* with respect to the offences described in this Chapter, without the need for a formal complaint by a private party or right holder.

Section I: Other Provisions

ARTICLE 14.51: PROTECTION OF ENCRYPTED PROGRAM-CARRYING SATELLITE AND CABLE TELEVISION BROADCASTS

Each Party shall make it a criminal offense to fraudulently obtain, through willful acts, subscription service of cable or satellite television broadcast.

Section J: Cooperation and Exchange of Information

ARTICLE 14.52: COOPERATION AND EXCHANGE OF INFORMATION

1. In addition to any existing forms of cooperation between the Parties in the field of intellectual property, the Parties shall endeavor to cooperate on subject matter covered by this Chapter, including, but not limited to:

- (a) enforcement of rights;

- (b) exchange of information related to developments in domestic and international intellectual property policy; and
- (c) exchange of experience in implementation of multilateral intellectual property agreements and with respect to industrial property registration systems.

2. Cooperation activities and exchanges of information undertaken pursuant to this Chapter shall occur on a request basis, be subject to the availability of resources, and be upon terms and conditions to be mutually agreed upon between the Parties.

Section K: Committee on Intellectual Property Rights

ARTICLE 14.53: COMMITTEE ON INTELLECTUAL PROPERTY RIGHTS

1. The Parties hereby establish the Committee on Intellectual Property Rights (hereinafter referred to in this Article as the “Committee”).

2. For the purposes of the effective implementation and operation of this Chapter, the functions of the Committee shall include, but are not limited to:

- (a) reviewing and monitoring the implementation and operation of this Chapter;
- (b) discussing ways to facilitate cooperation between the Parties;
- (c) exchange of information on laws, systems and other issues of mutual interest concerning intellectual property rights;
- (d) carrying out other functions as may be delegated by the Joint Committee;
and

- (e) seeking to resolve disputes that may arise regarding the interpretation or application of this Chapter.

3. The Committee shall meet within one year after the date of entry into force of this Agreement and annually thereafter unless the Parties otherwise agree. The Committee shall inform the Joint Committee of the results of each meeting.⁷³

ARTICLE 14.54: REVIEW

The Parties agree to review, in order to consider possible amendments to the following issues, starting on the third year of the entry into force of this Agreement:

- (a) protection conferred to unregistered designs;
- (b) confidential design;
- (c) design registration requirements;
- (d) copyright and related rights; and
- (e) enforcement.

⁷³ The meeting can be held through virtual means.

CHAPTER 15 TRADE AND ENVIRONMENT

ARTICLE 15.1: GENERAL PROVISIONS

1. The Parties recognise that each Party has sovereign rights to conserve and protect its environment, and affirm their environmental obligations under their law, as well as their international obligations under multilateral environmental agreements to which they are a party.
2. The Parties recognize the mutual supportiveness between trade and environmental policies and the need to implement this agreement in a manner consistent with environmental protection and conservation.
3. Nothing in this Chapter shall be construed to empower a Party's authorities to undertake environmental law enforcement activities in the territory of the other Party.
4. The Parties agree to strengthen communication and cooperation between their respective environmental authorities on environmental issues of mutual interest.

ARTICLE 15.2: LEVELS OF PROTECTION

Recognizing the sovereign right of each Party to establish its own levels and priorities of environmental protection and to adopt or modify accordingly its environmental laws and policies, each Party shall strive to ensure that those laws and policies provide for and encourage high levels of environmental protection and shall strive to continue to improve its respective levels of environmental protection, including through such environmental laws and policies.

ARTICLE 15.3: APPLICATION AND ENFORCEMENT OF ENVIRONMENTAL LAW

1. A Party shall not fail to effectively enforce its environmental laws, through a sustained or recurring course of action or inaction, in a manner affecting trade or investment between the Parties, after the date of entry into force of this Agreement.
2. The Parties shall not weaken or reduce the environmental protections provided by their laws and regulations to encourage trade or investment, by waiving or otherwise derogating from, or offering to waive or otherwise derogate from, their laws or regulations in a manner affecting trade or investment between the Parties.
3. The parties recognize that it is inappropriate to establish or use its environmental laws or other measures in a manner that would constitute a disguised restriction on trade between the parties

ARTICLE 15.4: ACCESS TO REMEDIES AND PROCEDURAL GUARANTEES

1. Each Party shall ensure that an interested person residing or established in its territory may request the Party's competent authorities to investigate an alleged violation of its environmental laws and shall give such a request due consideration, in accordance with its law.
2. Each Party shall provide a person with a legally recognised interest under its laws in a particular matter appropriate access to administrative, quasi-judicial or judicial proceedings for the enforcement of the Party's environmental laws, and to seek remedies for violation of those laws.
3. Each Party shall ensure that its administrative ,quasi- judicial or judicial proceedings referred to in paragraph 2 are fair, equitable, and transparent and to this end shall ensure that the proceeding:
 - (a) is conducted by an impartial and independent natural person who does not have an interest in the outcome of the matter;
 - (b) is open to the public, except if the law or the administration of justice requires otherwise;
 - (c) entitles the parties to a proceeding to support or defend their respective positions and to present information or evidence; and
 - (d) is, within the framework of its legal system, not unnecessarily complicated and does not entail an unreasonable fee or time limit or an unwarranted delay.
4. Each Party shall provide that a final decision on the merits of the case in a proceeding is:
 - (a) in writing and, if appropriate, states the reasons on which the decision is based;
 - (b) made available within a reasonable time period to the parties to a proceeding and, in accordance with its law, to the public; and
 - (c) based on information or evidence presented by the parties to a proceeding.
5. Each Party shall also provide, as appropriate, that parties to a proceeding have the right, in accordance with its law, to seek review and, if warranted, correction or redetermination, of a final decision in a proceeding.
6. Each Party shall ensure that a tribunal that conducts or reviews a proceeding is impartial and independent, and does not have any substantial interest in the outcome of the matter.

ARTICLE 15.5: TRANSPARENCY

Each Party shall promote public awareness of its environmental laws by ensuring that relevant information is available to the public regarding its environmental laws, and procedures regarding environmental law enforcement and compliance.

ARTICLE 15.6: ENVIRONMENT AND ENTERPRISE

Each Party shall strive to promote compliance with its environmental guidelines by enterprises operating in its territory.

ARTICLE 15.7 MEASURES TO ENHANCE ENVIRONMENTAL PERFORMANCES

1. The Parties recognise that flexible, voluntary and incentive-based mechanisms can contribute to the achievement and maintenance of a high level of environmental protection, complementing regulatory measures under environmental laws. In accordance with its law and policy, each Party shall encourage the development and use of such mechanisms.
2. In accordance with its law and policy, each Party shall encourage the development, establishment, maintenance or improvement of performance goals and standards used in measuring environmental performance.

ARTICLE 15.8: INSTITUTIONAL MECHANISM

1. The Parties hereby establish an Environmental Affairs Committee comprising senior level representatives of each Party.
2. The Committee shall meet within one year following the date of entry into force of this Agreement, and thereafter as necessary, to discuss matters of mutual interest, and oversee the implementation of this Chapter, and perform any other function that the Parties may decide.
3. The Committee shall prepare a summary record of each meeting unless the Committee decides otherwise.
4. The Committee may prepare reports and recommendations on any activity or action related to the implementation of this Chapter. A copy of these reports and recommendations may be submitted to the Joint Committee, for its consideration.
5. Summary records, reports and recommendations of the Committee shall be made available to the public, unless otherwise decided by the Parties.
6. Each Party shall designate an office within its administration that shall serve as a contact point with the other Party for purposes of implementing this Chapter.
7. The Committee shall consider undertaking a review of the implementation of this Chapter, in order to improve its operation and effectiveness.

ARTICLE 15.9: CONSULTATIONS

1. The Parties shall at all times endeavour to agree on the interpretation and application of this Chapter and shall make every attempt through consultations, the exchange of information and, if appropriate, cooperation to address any matter that might affect the operation of this Chapter.
2. A Party may request consultations with the other Party through the Committee regarding any matter arising under this Chapter by delivering a written request to the National Contact Point of the other Party, with a copy to the Coordinator of the other Party. The request shall clearly identify the question at issue and provide a brief summary of any claim under this Chapter. Consultations shall commence promptly after a Party delivers a request for consultations to the National Contact Point of the other Party.
3. During the consultations, each Party shall provide the other with sufficient information in its possession to allow a full examination of the matters raised.
4. Consultations, including documents prepared specifically for the purposes of these consultations, are confidential and without prejudice to the rights of the Parties in any proceedings.
5. Consultations may be held in person or by any other means that the Parties mutually decide. If consultations are held in person, they shall take place in the territory of the Party that has received the request, unless the Parties decide otherwise.
6. For greater certainty, if relevant, a Party may seek information or views of any person, organization or body that may contribute to the examination of the matter at issue.
7. If the Parties fail to resolve the matter pursuant to paragraph 2, the requesting Party may request higher level consultations with the other Party regarding any matter under this Chapter by delivering a written request to the National Contact Point of the other Party. The Party receiving the request shall respond expeditiously. The higher level consultations, including documents prepared specifically for the purposes of these consultations, are confidential and without prejudice to the rights of the Parties in any proceedings. The higher level consultations shall be concluded within 120 days of a Party's receipt of the request unless the Parties decide otherwise.

ARTICLE 15.10 PUBLIC INFORMATION

Each Party shall provide for the receipt and the consideration of enquiries from persons residing or established in that Party on matters related to the implementations of this chapter.

ARTICLE 15.11 REVIEW PANEL

1. Following the conclusion of the higher level consultations, the requesting Party may request that a Review Panel be convened to examine the matter if it considers that the consultations have not satisfactorily addressed the matter by delivering a written request to the National Contact Point of the other Party. The requesting Party shall also deliver a copy of the request to the Coordinator of the other Party.

2. A Review Panel shall be established upon receipt of the request referred to in paragraph 1 by a National Contact Point. Unless the Parties decide otherwise, the terms of reference of the Review Panel shall be: “To examine, in light of the relevant provisions of Chapter 15 (Trade and Environment) of the Korea – Israel Free Trade Agreement, the matter referred to in the request for the establishment of the Review Panel, and to issue a report making recommendations for the resolution of the matter.”
3. If in the final report the Review Panel determines that a Party has not complied with its obligations under this Chapter, the Parties shall, within three months of the submission of that final report and taking into account that report, endeavor to consent to a mutually satisfactory action plan to address the matter. Any action plan developed by the Parties shall be made public promptly, unless otherwise decided by the Parties. The Party undertaking the action plan shall submit a copy of it to the Coordinator of the other Party.
4. If the Parties reach a mutually agreed solution to a matter at any point after a Review Panel has been established, they shall notify the Review Panel of the solution. Upon the Review Panel’s receipt of this notification, the panel procedure shall be terminated.
5. Annex 15-A shall apply to the selection of panelists and procedures related to the Review Panel.

ARTICLE 15.12: DISPUTE SETTLEMENT

Neither Party shall have recourse to Chapter 20 (Dispute Settlement) for any matter arising under this Chapter.

ARTICLE 15.13 PUBLIC ENGAGEMENT

1. Each Party shall inform the public of activities, including meetings of the Parties and cooperative activities, undertaken to implement this Chapter.
2. Each Party shall endeavour to engage the public in activities undertaken to implement this Chapter.

ARTICLE 15.14 PROTECTION OF CONFIDENTIAL INFORMATION

Each Party shall ensure that information designated by either Party for treatment as confidential information, in particular personal or commercial information, is protected.

ARTICLE 15.15: COOPERATION

1. The Parties hereby agree to promote cooperation activities of mutual interest, subject to the availability of resources.
2. The Parties shall endeavor to assure that cooperation activities:
 - (a) are consistent with the programs, strategies of development, and national priorities of each Party; and

- (b) would create opportunities for the public to take part in the development and implementation of such activities.

ARTICLE 15.16: COOPERATION AREAS

1. Areas of cooperation between the Parties in respect of this Chapter may include, but shall not be limited to:
 - (a) cooperation on environmental issues in other bilateral, regional and multilateral forums in which they participate;
 - (b) exchange of views on the trade impact of environmental regulations, norms, and standards;
 - (c) exchange of views on the relationship between multilateral environmental agreements and international trade rules;
 - (d) prevention and management of environmental disasters and emergencies;
 - (e) environmental aspects of industrial activity including chemical management;
 - (f) other forms of environmental cooperation as the Parties may deem appropriate.
2. The Parties agree to identify priority areas to establish cooperative activities, and will prepare a work program, including these priority areas and activities after the entry into force of this Agreement.

ARTICLE 15.17 A DEFINITIONS

1. For the purposes of this Chapter:

Committee means the Committee on the Environment established by Article 15.8;

environmental laws means any law or statutory or regulatory provision, or other legally binding measure of a Party, the primary purpose of which is the protection of the environment, or the prevention of a danger to human life or health, through:

- (a) the prevention, abatement or control of the release, discharge or emission of pollutants or environmental contaminants;
- (b) the management of chemicals and waste and the dissemination of information related thereto; or
- (c) the conservation and protection of wild flora or wild fauna, including endangered species, their habitat and protected natural areas;

but does not include any measure directly related to worker health and safety, nor any measure of which the primary purpose is managing the commercial harvest or exploitation, or subsistence of natural resources.

Review Panel means a panel established pursuant to Article 15.11.

2. For the purposes of this Chapter, a Party has not failed to “**effectively enforce its environmental laws**” in a particular case if the action or inaction in question by an agency or an official of that Party:
 - (a) reflects a reasonable exercise of discretion in respect of investigatory, prosecutorial, regulatory or compliance matters; or
 - (b) results from a bona fide decision to allocate resources to enforcement in respect of other environmental matters determined to have higher priority.

ANNEX 15-A

PROCEDURES RELATED TO REVIEW PANEL

1. A Review Panel shall be composed of two panellists and a chair.
2. For the purposes of selecting the panellists, the following procedures shall apply:
 - (a) within 30 days of a Party's receipt of a request to establish a Review Panel, each Party shall select one panellist; and
 - (b) if one Party fails to select a panellist within the period referred to in subparagraph (a), the other Party shall select that panellist from among qualified candidates who are nationals of the Party that failed to select its panellist.
3. For the purposes of selecting the chair, the following procedures shall apply:
 - (a) the Party that is the subject of the request shall provide the requesting Party with the names of three qualified candidates who are not nationals of either Party. These names shall be provided within 30 days of a Party's receipt of the request to establish a Review Panel;
 - (b) the requesting Party may choose one of the three candidates referred to in subparagraph (a) to be the chair or, if no names were provided or none of the candidates are acceptable, provide the Party that is the subject of the request with the names of three candidates who are qualified to be the chair and who are not nationals of either Party. Those names shall be provided no later than seven days after receipt of the names under subparagraph (a) or 37 days after the receipt of the request referred to in Article 15.11 for the establishment of a Review Panel, whichever is earlier; and
 - (c) the Party that is the subject of the request may choose one of the three candidates to be the chair within seven days of receiving their names under subparagraph (b), failing which the chair shall be selected by the requesting Party by lot from the six candidates proposed by the Parties pursuant to subparagraphs (a) and (b) within a further 7 days.
4. A Review Panel shall be composed of individuals with specialized knowledge or expertise in environmental law, issues addressed in this Chapter and, to the extent possible, the settlement of disputes arising under international agreements. Members of a Review Panel shall be independent, shall serve in their individual capacities, shall not take instructions from any organisation or government with regard to issues related to the matter at stake and shall not be affiliated with the government of any Party. A Review Panel shall be composed of individuals who are nationals of a state having diplomatic relations with both Parties.

5. Unless the Parties decide otherwise, a Review Panel shall perform its functions in accordance with Annex 20-A (Code of Conduct) and Annex 20-B (Rules of Procedure), with such changes as may be necessary. If there is an inconsistency between those Annexes and this Annex, the provisions of this Annex shall prevail.
6. A Review Panel shall ensure that:
 - (a) each Party has the opportunity to provide written and oral submissions to the Review Panel;
 - (b) at the request of either Party, or on its own initiative, the Review Panel may seek, as appropriate, information and technical advice from any person or body with relevant expertise. The Parties shall have an opportunity to comment on any information or advice so obtained;
7. A Review Panel shall issue to the Parties an interim report and a final report, each; setting out the findings of fact, its determinations as to whether the responding Party has complied with its obligations under this Chapter and the rationale behind any findings, determinations, and recommendations that it makes.
8. A Review Panel shall submit the interim report to the Parties within 120 days of the selection of the last panellist or within another time period decided by the Parties. The Parties may provide comments to the Review Panel on the interim report within 45 days of its submission. After considering these comments, the Review Panel may reconsider its report or make any further examination it considers appropriate.
9. A Review Panel shall submit the final report to the Parties within 60 days of the submission of the interim report. Unless the Parties decide otherwise, the final report of a Review Panel may be published by either Party 30 days after it is submitted to the Parties.

CHAPTER 16
TRANSPARENCY

ARTICLE 16.1: PUBLICATION

1. Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application respecting any matter covered by this Agreement are promptly published or otherwise made available in such a manner as to enable interested persons and the other Party to become acquainted with them.

2. To the extent required by its legal system, each Party shall:

- (a) publish in advance any such measures that it proposes to adopt; and
- (b) provide interested persons and the other Party a reasonable opportunity to comment on such proposed measures.

3. With respect to proposed regulations⁷⁴ of general application of its central level of government respecting any matter covered by this Agreement that are published in accordance with paragraph 2(a), each Party:

- (a) shall endeavor to publish the proposed regulations; and
- (b) shall endeavor to include in the publication an explanation of the purpose of and rationale for the proposed regulations.

⁷⁴ For purposes of paragraphs 3 and 4, **regulation** means, for Korea, Presidential Decrees, Ordinances of the Prime Minister, and Ministerial Ordinances.

4. With respect to regulations of general application adopted by its central level of government respecting any matter covered by this Agreement, each Party:

- (a) shall publish the regulations in a single official journal of national circulation and may encourage their distribution through additional outlets; and
- (b) may include in the publication an explanation of the purpose of and rationale for the regulations.

ARTICLE 16.2: NOTIFICATION AND PROVISION OF INFORMATION

1. To the maximum extent possible, each Party shall notify the other Party of any actual or proposed measure that the Party considers might materially affect the operation of this Agreement or otherwise substantially affect the other Party's interests under this Agreement.

2. On request of the other Party, a Party shall promptly provide information and respond to questions pertaining to any actual or proposed measure that the requesting Party considers might affect the operation of this Agreement, regardless of whether the requesting Party has been previously notified of that measure.

3. Any notification or information provided pursuant to this Article is without prejudice as to whether the measure is consistent with this Agreement.

4. The information referred to in this Article shall be considered to have been provided when it has been made available by appropriate notification to the WTO or when it has been made available on an official website that is free of charge and publicly accessible.

ARTICLE 16.3: ADMINISTRATIVE PROCEEDINGS

With a view to administering in a consistent, impartial and reasonable manner all measures of

general application respecting any matter covered by this Agreement, each Party shall ensure, in its administrative proceedings applying measures referred to in Article 16.1 to particular persons, goods or services of the other Party in specific cases, that:

- (a) whenever possible, persons of the other Party that are directly affected by a proceeding are provided reasonable notice, in accordance with the Party's procedures, when a proceeding is initiated, including a description of the nature of the proceeding, a statement of the legal authority under which the proceeding is initiated, and a general description of any issues in controversy;
- (b) such persons are afforded a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative action, when time, the nature of the proceeding, and the public interest permit; and
- (c) its procedures and proceedings are in accordance with its law.

ARTICLE 16.4: REVIEW AND APPEAL

1. Each Party shall establish or maintain judicial, quasi-judicial, or administrative tribunals or procedures for the purposes of the prompt review and, where warranted, correction of final administrative actions regarding matters covered by this Agreement. Such tribunals shall be impartial and independent of the office or authority entrusted with administrative enforcement and shall not have any substantial interest in the outcome of the matter.

2. Each Party shall ensure that, in any such tribunals or procedures, the parties to the proceeding are provided with the right to:

- (a) a reasonable opportunity to support or defend their respective positions; and
- (b) a decision based on the evidence and submissions of record or, where required by the Party's law, the record compiled by the administrative authority.

3. Each Party shall ensure, subject to appeal or further review as provided in its law, that such decision shall be implemented by, and shall govern the practice of, the office or authority with respect to the administrative action at issue. If these decisions are subject to appeal or review as provided in the law of that Party, the Party may wait for the conclusion of the appeal or review before ensuring the aforementioned implementation and governance.

ARTICLE 16.5: DEFINITIONS

For the purposes of this Chapter:

administrative ruling of general application means an administrative ruling or interpretation that applies to a person and a situation of fact, falling within the general scope of that ruling or interpretation, and establishing a norm of conduct, but does not include:

- (a) a determination or ruling made in an administrative or quasi-judicial proceeding that applies to a particular person, good, or service of the other Party in a specific case; or
- (b) a ruling that adjudicates with respect to a particular act or practice.

CHAPTER 17

TECHNOLOGICAL COOPERATION

ARTICLE 17.1: OBJECTIVE

The objective of this Chapter is to facilitate the establishment of close technological cooperation as a means to contribute to the implementation of this Agreement, *inter alia*, aimed at:

- (a) stimulating productive synergies, creating new opportunities for trade and investment and promoting competitiveness and innovation;
- (b) supporting ⁷⁵ and promoting the development of small and medium-sized enterprises and venture start-ups, as detailed in Annex 17-A;
- (c) creating a more favorable business environment with a view to promoting trade and investment activities by public and private sectors of the Parties; and
- (d) supporting complementing the efforts of the Parties to implement the priorities set in their own policies and development strategies.

ARTICLE 17.2: METHODS AND MODALITIES

1. Cooperation between the Parties under this Agreement will be implemented through the tools, resources and mechanisms available to them and in accordance with their respective laws, regulations, and procedures and through the appropriate agencies.

2. The Parties will encourage and promote cooperation as appropriate by means that include but are not limited to:

- (a) joint research and technology transfer;
- (b) exchanges of experts and technicians such as scientists, researchers and start-up accelerators;
- (c) exchange of information on technology-related policies, laws, rules, standards, certifications, intellectual property rights (patents, trademarks, etc.) regimes and programs;
- (d) co-hosting of seminars, symposiums, conferences, educational training and other technology-related activities;
- (e) commercialization of products and services produced as a result of cooperative activities;

⁷⁵ For greater certainty, 'support' as stipulated in this chapter does not necessarily mean financial support.

- (f) joint activities between their technology transfer entities; and
- (g) any other form of cooperative activity as may be agreed by the Parties.

ARTICLE 17.3: AREAS OF COOPERATION

1. Technology and start-up cooperation will cover areas as agreed by the Parties with an emphasis on the following areas:
 - (a) aerospace;
 - (b) medicine and medical supplies;
 - (c) information security;
 - (d) cyber security;
 - (e) virtual reality;
 - (f) big data;
 - (g) renewable energy;
 - (h) information technology (IT) and bio-technology (BT);
 - (i) agriculture and food;
 - (j) artificial intelligence (AI); and
 - (k) healthcare (including pharmaceuticals, medical devices and cosmetics).
2. Potentially, the scope of technology extends across the entire process of technology maturity, including the stages of basic research, trial products, practical application, commercialization, etc.

ARTICLE 17.4: COOPERATION COMMITTEE

1. The Parties hereby establish a Cooperation Committee for this Chapter composed of representatives of each Party.
2. For the purposes of this chapter, the Committee's functions shall include, as appropriate:
 - (a) developing a work plan for cooperative activities;
 - (b) collecting and consolidating the work plans of cooperation developed by each of the committees formed within this Agreement;

- (c) reviewing and evaluating proposals for cooperation;
 - (d) monitoring programs, projects and other initiatives of cooperation;
 - (e) ensuring and monitoring the implementation and fulfillment of the objectives of the programs, projects and other initiatives of cooperation;
 - (f) providing support and advice for the presentation of programs, projects and other initiatives of cooperation, in accordance with the strategic priorities of the Parties; and
 - (g) other functions assigned by the Joint Committee.
3. The Committee shall meet at least once a year, except as otherwise agreed.
4. The Committee may establish terms of reference for the conduct of its work.

ARTICLE 17.5: CONTACT POINTS

1. The Parties shall designate contact points to facilitate communication on possible cooperation activities. Contact points will have the responsibility to work with their respective government ministries and agencies, business sector representatives and educational and research institutions for the operation of this Chapter.

2. For the implementation of this Chapter, the following contact points are designated:

- a) for Korea: Ministry of Trade, Industry and Energy (MOTIE), or its successor; and
- b) for Israel: Ministry of Economy and Industry, or its successor;

or the office that the Parties notify.

ARTICLE 17.6: DISPUTE SETTLEMENT

Neither Party shall have recourse to Chapter 20 (Dispute Settlement) for any matter arising under this Chapter.

ANNEX 17-A
VENTURE START-UP COOPERATION

The Parties shall endeavor to create a favorable environment for venture start-ups by, *inter alia*:

- (a) sharing information on business start-ups and start-up supporting programs;
- (b) exchanging best practices between both Parties' start-up supporting institutes, such as:
 - i. for Korea: Creative Economy Innovation Centers, Korea Institute of Startup & Entrepreneurship Development; and
 - ii. for Israel: Israel Innovation Authority, Israel Technological Incubators Program.
- (c) supporting the creation of joint ventures between both Parties' start-ups by means of, such as, business incubators, accelerators and joint venture funds, as agreed by the Parties;
- (d) creating a supporting system for establishing branches for new venture start-ups, in areas such as, accounting, taxation, and human capital through *inter alia* their laws and regulations.;
- (e) co-hosting of forums, seminars, conferences, expositions and other start-up related events, such as joint innovation and technology day, demo day, and startup meetups; and
- (f) any other form of cooperative activity as may be agreed by the Parties.

All activities under this Annex shall be coordinated by the Cooperation Committee.

CHAPTER18 COMPETITION

ARTICLE 18.1: OBJECTIVES

Considering the importance of free competition in their trade relations, the Parties recognize that proscribing anti-competitive practices, implementing competition policies, and cooperating on matters covered by this Chapter will help prevent the benefits of the trade liberalization from being undermined and promote economic efficiency and consumer welfare.

ARTICLE 18.2: COMPETITION LAW AND AUTHORITIES

1. Each Party shall maintain competition laws that promote and protect the competitive process in its market by proscribing anti-competitive practices. Each Party shall take appropriate actions with respect to anti-competitive practices with the objective of promoting economic efficiency and consumer welfare.
2. Each Party shall maintain an authority or authorities responsible for the enforcement of its competition laws.
3. Each Party shall ensure that any exclusions or exemptions to its competition laws and regulations shall be transparent and undertaken on the grounds of public policy or public interest.
4. Each Party shall ensure independence in decision-making by its authority or authorities in relation to enforcement of competition laws and regulations.

ARTICLE 18.3: IMPLEMENTATION

The enforcement policy of the Parties' competition authorities shall be consistent with the principles of transparency, timeliness, non-discrimination and procedural fairness as specified below:

1. Each Party shall make publicly available its competition laws and regulations. Each Party shall ensure that all final decisions finding a violation of its competition laws are provided in written form and set out any relevant findings of fact and legal basis on which the decision is based.
2. Each Party recognizes the importance of timeliness in handling of competition cases. Each Party shall ensure that its competition authority endeavors to complete its investigations within a reasonable timeframe when there is no timeframe set for such investigations under their respective competition laws, regulations, guidelines or procedure.
3. Each Party shall apply and enforce its competition laws and regulations in a manner which does not discriminate on the basis of nationality.
4. Each Party shall ensure that before a sanction or remedy is imposed on any person or entity for violating its competition laws or regulations, that person or entity is given the reasons

in writing for the allegations that its competition laws or regulations have been breached, and a fair opportunity to be heard and to present evidence.

5. Each Party shall ensure any person or entity subject to the imposition of a sanction or remedy under its competition laws and regulations has access to an independent review or appeal of that sanction or remedy in a court of that Party.

ARTICLE 18.4: COOPERATION

1. The Parties recognize the importance of cooperation and coordination between their respective competition authorities to promote the effective enforcement of their competition laws and to fulfill the objectives of this Agreement. Accordingly, the Parties shall cooperate in relation to the enforcement of their respective competition laws and policies, including through notification, consultation, exchange of information and coordination as specified in this Article.

Notifications

2. Each Party, through its competition authority, shall notify in English to the competition authority of the other Party of an enforcement activity regarding an anti-competitive practice if it considers that such enforcement activity may substantially affect important interests of the other Party.

3. Provided that it is not contrary to the Parties' laws and does not affect any investigation being carried out, the notification shall take place at an early stage of the enforcement activity.

Consultations

4. To foster mutual understanding between the Parties, or to address specific matters that arise under this Chapter, each Party shall, upon request of the other Party, enter into consultations on issues raised by the other Party.

5. The Party to which a request for consultations has been addressed shall give full and sympathetic consideration to the concerns of the other Party.

Exchange of Information and Confidentiality

6. The competition authority of a Party shall, upon request of the competition authority of the other Party, endeavor to provide information to facilitate effective enforcement of their respective competition laws provided that it does not affect any ongoing investigation and is compatible with the rules and standards of confidentiality of each Party.

7. The competition authority of each Party shall maintain the confidentiality of any information provided in confidence by the competition authority of the other Party and shall not disclose such information to any entity that is not authorized by the competition authority providing the information.

ARTICLE 18.5: STATE ENTERPRISES AND DESIGNATED MONOPOLIES

1. The Parties shall ensure that state enterprises and designated monopolies are subject

to their respective competition laws, insofar as the application of this provision does not obstruct the performance, in law or in fact, of the particular public tasks assigned to them.

2. Nothing in this Chapter shall be construed to prevent a Party from establishing or maintaining state enterprises or designated monopolies.

ARTICLE 18.6: DISPUTE SETTLEMENT

Neither Party shall have recourse to dispute settlement under this Agreement for any matter arising under this Chapter.

ARTICLE 18.7: DEFINITIONS

For the purposes of this Chapter:

anti-competitive practice means:

- (a) agreements between enterprises and decisions by associations of enterprises which have the purpose or effect to impede, restrict, or distort competition;
- (b) any abuse of a dominant position by one or more enterprises; or
- (c) mergers or other structural combinations of enterprises which significantly impede effective competition, in particular as a result of the creation or strengthening of a dominant position;

competition authority means:

- (a) for Korea, the Korea Fair Trade Commission, or its successors; and
- (b) for Israel, the Israel Antitrust Authority, or its successors; and

competition law means:

- (a) for Korea, the *Monopoly Regulation and Fair Trade Act*; and
- (b) for Israel, the *Restrictive Trade Practices Law, 5748-1988*.

CHAPTER 19
ADMINISTRATION OF THE AGREEMENT

ARTICLE 19.1: JOINT COMMITTEE

1. The Parties hereby establish a Joint Committee comprising officials from relevant ministries of each Party, which shall be co-chaired by the Minister of Economy and Industry of Israel and the Minister of Trade, Industry and Energy of Korea, or their respective successors or designees.

2. The Joint Committee shall:

- (a) supervise the implementation of this Agreement;
- (b) supervise the work of all committees, working groups, and other bodies established under this Agreement;
- (c) consider ways to further enhance trade relations between the Parties, including the review of this Agreement with the possibility of further extending it to areas not covered therein, such as financial services;
- (d) without prejudice to Chapter 20 (Dispute Settlement) and dispute settlement provisions in Chapter 9 (Investment) and 15 (Trade and Environment), seek to resolve disputes that may arise regarding the interpretation or application of this Agreement;
- (e) establish the amount of remuneration and expenses that will be paid to panelists; and
- (f) consider any other matter that may affect the operation of this Agreement.

3. The Joint Committee may:

- (a) establish and delegate responsibilities to *ad hoc* and standing committees, working groups, or other bodies;
 - (b) seek the advice of non-governmental persons or groups;
 - (c) recommend to the Parties to adopt any amendment to this Agreement. Any such amendment shall enter into force in accordance with the procedures set forth in Article 22.2.2 (Amendments);
 - (d) adopt interpretive decisions concerning provisions of this Agreement, binding on panel or tribunal established under Chapter 20 (Dispute Settlement) and under dispute settlement provisions in Chapters 9 (Investment) and 15 (Trade and Environment);
 - (e) adopt its own rules of procedure;
 - (f) modify by a Joint Committee decision:
 - (i) the Schedules to Annex 2-B (Reduction or Elimination of Customs Duties), with the purpose of accelerating the reduction of custom duties or eliminating them;
 - (ii) the specific rules of origin established in Annex 3-A (Product Specific Rules of Origin), Certificate of Origin contained in Annex 3-C (Certificate of Origin), Origin Declaration contained in Annex 3-D (Origin Declaration), Exemptions to Article 10.10 in Annex 3-B (Committee on Outward Processing Zones on The Korean Peninsula); or
 - (iii) the Rules of Procedure established in Annex 20-B and the Code of Conduct established in Annex 20 -A.
- Each Party shall implement, subject to the completion of its applicable internal legal procedures and upon notification of such, any modification referred to in this subparagraph, within such period as the Parties may agree; and
- (g) take such other action in the exercise of its functions as the Parties may agree.

4. Unless the Parties otherwise agree, the Joint Committee shall convene:

- (a) in regular session every year, with such sessions to be held alternately in each country; and
- (b) in special session within 30 days of the written request of a Party, with such sessions to be held in the other Party's country, or at such location as the Parties may agree, or by any other technological means available.

5. Each Party shall treat any confidential information exchanged in relation to the operation of the Joint Committee, or any body established under paragraph 3(a), on the same basis as the Party providing the information.

6. Recognizing the importance of transparency and openness, the Parties affirm their respective practices of considering the views of relevant members of the public as appropriate in order to draw on a broad range of perspectives in the implementation of this Agreement.

7. All decisions of the Joint Committee and all committees, working groups, and other bodies established under this Agreement shall be taken by mutual consent of the Parties.

ARTICLE 19.2: COMMITTEES AND OTHER BODIES

1. The following Committees and bodies are hereby established under the auspices of the Joint Committee:

- (a) The Committee on Trade in Goods;
- (b) The Committee on Trade in Services;
- (c) The Temporary Entry of Business Persons Working Group;
- (d) The Committee on Investment;
- (e) The Committee on Customs;
- (f) The Committee on Outward Processing Zones
- (g) The Committee on Sanitary and Phytosanitary Measures;

- (h) The Committee on Technical Barriers to Trade;
- (i) The Committee on Intellectual Property Rights;
- (j) The Committee on Environment and Trade; and
- (k) The Cooperation Committee.

2. The Committees may decide to establish their own sub-Committees or any other body for the performance of their tasks, subject to the approval of the Joint Committee.

3. All decisions made by the Committees and other bodies shall be subject to the approval of the Joint Committee.

ARTICLE 19.3 FREE TRADE AGREEMENT COORDINATORS

1. Each Party shall appoint a free trade agreement coordinator and notify the other Party of the details of such coordinator within 60 days following the entry into force of this Agreement.

2. The coordinators shall jointly:

- (a) work to develop agendas;
- (b) make other preparations for the Joint Committee meetings;
- (c) follow-up on the Joint Committee's decisions as appropriate;
- (d) act as contact points to facilitate communication between the Parties on any matter covered by this Agreement, unless otherwise provided for in this Agreement;
- (e) receive any notifications and information submitted under this Agreement, unless otherwise provided for in this Agreement; and
- (f) assist the Joint Committee in any other matters referred to them by the Joint Committee.

3. The coordinators of this Agreement may meet as often as necessary by any technological means available.

CHAPTER 20 DISPUTE SETTLEMENT

ARTICLE 20.1: COOPERATION

The Parties shall endeavor to agree on the interpretation and application of this Agreement, and shall make every attempt through cooperation and consultations to arrive at a mutually satisfactory resolution of any matter that might affect its operation.

ARTICLE 20.2: SCOPE OF APPLICATION

1. Except as otherwise provided in this Agreement or as the Parties otherwise agree, this Chapter shall apply with respect to the avoidance or settlement of all disputes between the Parties regarding the interpretation or application of this Agreement or wherever a Party considers that:

- (a) a measure of the other Party is inconsistent with its obligations under this Agreement;
- (b) the other Party has otherwise failed to carry out its obligations under this Agreement; or
- (c) a benefit the Party could reasonably have expected to accrue to it under Chapter 2 (National Treatment and Market Access for Goods), 3 (Rules of Origin), 8 (Government Procurement), or 10 (Cross-border Trade in Services) is being nullified or impaired as a result of a measure that is not inconsistent with this Agreement.

2. A Party may not invoke paragraph 1(c) with respect to any measure subject to an exception under Article 21.1 (General Exceptions).

ARTICLE 20.3: CHOICE OF FORUM

1. Where a dispute regarding any matter arises under this Agreement and under the WTO Agreement or any other trade agreement to which both Parties are party, the complaining Party may select the forum in which to settle the dispute.

2. Once the complaining Party has requested the establishment of, or referred a matter to, a dispute settlement panel under an agreement referred to in paragraph 1, the forum selected shall be used to the exclusion of other fora.

ARTICLE 20.4: CONSULTATIONS

1. Any Party may request consultations with any other Party with respect to any matter described in Article 20.2 by delivering written notification. The complaining Party shall set out the reasons for the request, including identification of the measure or other matter at issue and an indication of the legal basis for the complaint. The other Party shall

reply in writing within 10 days of the date of receipt of the request.

2. Consultations shall be held within 30 days of the date of the receipt of the request and take place, unless the Parties agree otherwise, in the territory of the Party complained against. The consultations shall be deemed concluded within 55 days of the date of the receipt of the request, unless the Parties agree to continue consultations. All information disclosed during the consultations shall remain confidential.

3. Consultations on matters of urgency, including those regarding perishable or seasonal goods, or goods or services that rapidly lose their trade value, such as certain seasonal goods or services, shall be held within 15 days of the date of the receipt of the request, and shall be deemed concluded within 25 days of the date of the receipt of the request.

4. If consultations are not held within the time frames laid down in paragraphs 2 or 3 respectively, or if consultations have been concluded and no mutually agreed solution has been reached, the complaining Party may request the establishment of a panel in accordance with Article 20.7.

5. Each Party shall:

- (a) provide sufficient information that is reasonably available to it to the other Party during the consultations to enable a full examination of how the matter subject to consultations might affect the operation of this Agreement; and
- (b) treat any confidential information exchanged in the course of consultations on the same basis as the Party providing the information.

6. A Party may request the other Party to make available during consultations under this Article personnel of its government agencies or other regulatory bodies who have expertise in the matter subject to consultations.

7. Consultations are confidential and without prejudice to the rights of the Parties in proceedings under this Chapter.

ARTICLE 20.5: REFERRAL TO THE JOINT COMMITTEE

1. If the Parties fail to resolve a matter within 55 days of the receipt of a request for consultations under Article 20.4 or 25 days where the matter concerns cases of urgency, including those concerning perishable or seasonal goods, or goods or services that rapidly lose their trade value such as certain seasonal goods or services, only the complaining Party may request the intervention of the Joint Committee by delivering written notification to the other Party.

2. The complaining Party shall deliver the request to the other Party and shall set out in the request the reasons thereof, including identification of the measure at issue and an indication of the legal and factual basis for the complaint.

3. Unless it decides otherwise, the Joint Committee shall convene within 10 days of delivery of the request and shall endeavor to resolve the dispute promptly, with the objective to arrive at a mutually satisfactory resolution.

4. The Joint Committee may meet in person or through any other technological means available to the Parties.

ARTICLE 20.6: GOOD OFFICES, CONCILIATION, OR MEDIATION

1. Good offices, conciliation, and mediation are procedures undertaken voluntarily if the Parties so agree.

2. Proceedings involving good offices, conciliation, and mediation, and in particular positions taken by the Parties during these proceedings, shall be confidential and without prejudice to the rights of either Party in any further proceedings.

3. Good offices, conciliation, or mediation may be requested at any time by any Party. Either Party at any time may begin, suspend or terminate proceedings established under this Article. Once procedures for good offices, conciliation, or mediation are concluded without an agreement between the Parties, the complaining Party may request the establishment of a panel.

ARTICLE 20.7: ESTABLISHMENT OF PANEL

1. The complaining Party may deliver a written request to establish a dispute settlement panel to the other Party, provided that a matter has not been resolved in any of the following cases:

- (a) when the Parties have not settled the dispute through consultations within the 55 day period established in Article 20.4 or 25 days where the matter concerns cases of urgency, including those concerning perishable goods, or goods or services that rapidly lose their trade value such as certain seasonal goods or services, or within any other period that the Parties may agree during consultations;
- (b) within 20 days following the receipt of the request to refer the matter to the Joint Committee, or 10 days where the matter concerns cases of urgency, or any other period agreed by the Parties, or when the meeting has not been held pursuant to the provisions established in Article 20. 5.3; or
- (c) when the complaining Party that referred the matter to the Joint Committee considers, once the period indicated by the Joint Committee has expired, that the measures aimed at complying with the agreement reached pursuant to Article 20.5 were not adopted.

2. The complaining Party shall set out the reasons for the request, including

identification of the measure or other matter at issue and a brief summary of the legal basis for the complaint sufficient to present the problem clearly.

3. A panel shall be established upon the date of the appointment of the last panelist.

ARTICLE 20. 8: PANEL APPOINTMENT

1. The panel shall consist of three panelists.

2. Within 30 days of the date of receipt of the notice referred to in Article 20.7, each Party shall notify the other Party of its appointment of a panelist and propose up to four candidates to serve as the chair of the panel whom are not nationals of either Party. If a Party fails to appoint a panelist within this time, the panelist shall be appointed by the other Party from the candidates proposed for the chair by the Party that failed to appoint a panelist, if such list exists or, in the absence of such a list, from the other Party's proposed candidates.

3. The Parties, within 45 days of the date of receipt of the notice referred to in Article 20.7, shall endeavor to agree on a panelist who will serve as chair from among the candidates proposed. If the Parties fail to agree on a chair within this time period, within a further 7 days the chair shall be appointed after selection by lot, from the candidates proposed, in the presence of representatives of both Parties.

4. If a panelist appointed by a Party withdraws, is removed, or becomes unable to serve, a replacement shall be appointed by that Party within 30 days, and in cases of urgency within 15 days, failing which the replacement shall be appointed by the other Party from the candidates proposed for the chair in accordance with the second sentence of paragraph 2.

5. If the chair of the panel withdraws, is removed, or becomes unable to serve, the Parties shall endeavor to agree on the appointment of a replacement within 30 days, and in cases of urgency within 15 days, failing which the replacement shall be appointed in accordance with the second sentence of paragraph 3.

6. If an appointment in paragraph 4 or 5 would require selecting from the list of candidates proposed for chair and there are no remaining candidates, each Party shall propose up to 3 additional candidates within 30 days and, within a further 7 days, the chair shall be appointed after selection by lot from the candidates proposed, in the presence of representatives of both Parties.

7. Any time limit applicable to the proceeding shall be suspended as of the date the panelist or chair withdraws, is removed, or becomes unable to serve, and shall resume on the date the replacement is appointed.

ARTICLE 20 .9: QUALIFICATIONS OF PANELISTS

1. Individuals appointed to a panel pursuant to Article 20.8 (Panel Appointment)

shall:

- (a) be chosen strictly on the basis of objectivity, reliability, and sound judgment;
- (b) have expertise or experience in law, international trade, other matters covered by this Agreement, or the resolution of disputes arising under international trade agreements;
- (c) be a national of states having diplomatic relations with both Parties;
- (d) not have been involved in an alternative dispute settlement proceeding referred to in Article 20.6 regarding the same dispute, unless the Parties agree otherwise;
- (e) be independent of, and not be affiliated with or take instructions from, either Party; and
- (f) comply with the code of conduct established in Annex 20-A.

2. Removal of a panelist shall take place in case of a violation of the Code of Conduct (Annex A) and in accordance with the procedures detailed in Rule 20 of the Rules of Procedures (Annex B).

ARTICLE 20.10: RULES OF PROCEDURE

1. Unless the Parties otherwise agree, the panel shall follow the rules of procedure established in Annex 20-B, which shall ensure:

- (a) a right to at least one hearing before the panel;
- (b) that, subject to subparagraph (d), any hearing before the panel shall be open to the public;
- (c) an opportunity for each Party to provide initial and rebuttal submissions; and
- (d) the protection of information designated by either Party for confidential treatment.

2. Unless the Parties otherwise agree within 20 days of the delivery of the request for the establishment of the panel, the panel's terms of reference shall be:

“To examine, in light of the relevant provisions of this Agreement, the matter referenced in the request for the establishment of the panel; to make findings, determinations, and recommendations as provided in Article 20.11.1 and 20.11.2; and to present the written reports referred to in Article 20.11.1 and 20.11.4.”

3. The decisions of the panel, including the adoption of the report, shall be adopted by a majority of its members. No panel may disclose which panelists are associated with the majority or minority opinions.

4. The venue for the proceedings of the panel shall be decided by mutual agreement between the Parties. If the Parties are unable to reach an agreement, the venue shall be Seoul if the complaining party is Israel and Jerusalem if the complaining party is Korea.

ARTICLE 20.11: PANEL REPORT

1. Unless the Parties otherwise agree, the panel shall, within 90 days after the chair is appointed, present to the Parties an initial report containing findings of fact and its determination as to:

- (a)
 - (i) whether the measure at issue is inconsistent with the obligations of this Agreement;
 - (ii) whether a Party has otherwise failed to carry out its obligations under this Agreement; or
 - (iii) whether the measure at issue is causing nullification or impairment in the sense of Article 20.2.1(c); and
- (b) any other matter, including recommendations, that the Parties have jointly requested that the panel address, as well as the reasons for its findings and determinations.

2. The panel shall base its report on the relevant provisions of this Agreement and the submissions and arguments of the Parties. The panel shall consider this Agreement in accordance with customary rules of interpretation of public international law.

3. Each Party may submit written comments to the panel on its initial report within 14 days of the presentation of the report. After considering any written comments by the Parties on the initial report, the panel may modify its report and make any further examination it considers appropriate.

4. The panel shall present a final report to the Parties within 30 days of the presentation of the initial report, unless the Parties otherwise agree. The Parties shall make the final report available to the public within 15 days thereafter, subject to the protection of confidential information.

5. The final report of a panel shall be final and binding. The report of the panel shall set out the findings of fact, the applicability of the relevant provisions of this Agreement, and the basic rationale behind any findings and determinations that it makes.

ARTICLE 20.12: SUSPENSION AND TERMINATION OF PROCEEDINGS

1. The Parties may agree that the panel suspend its work at any time for a period not exceeding 12 months from the date of such agreement. Within this period, the suspended panel shall be resumed upon the request of either Party. If the work of the panel has been continuously suspended for more than 12 months, the authority for establishment of the panel shall lapse unless the Parties otherwise agree.

2. The suspension or termination of the panel's proceedings is without prejudice to the rights of either Party in another proceeding on the same matter under this Chapter.

3. The Parties may agree to terminate the proceedings of a panel in the event that a mutually satisfactory solution to the dispute has been found. In such event the Parties shall jointly notify the chair of the panel.

4. Before the panel provides its final report, it may at any stage of the proceedings propose to the Parties that the dispute be settled amicably.

ARTICLE 20.13: IMPLEMENTATION OF THE FINAL REPORT

1. On receipt of the final report of a panel, the Parties shall decide on the implementation of the final report. Unless the Parties decide otherwise, the implementation shall conform with the determination or recommendation made by the panel.

2. If, in its final report, the panel determines that a Party has not conformed with its obligations under this Agreement or that a Party's measure is causing nullification or impairment in the sense of Article 20.2.1(c), the implementation, whenever possible, shall be the elimination of the non-conformity or the nullification or impairment.

ARTICLE 20.14: NON-IMPLEMENTATION AND SUSPENSION OF BENEFITS

1. If a Panel has made a determination of the type described in Article 20.13.2, and the Parties are unable to reach an agreement on a implementation pursuant to Article 20.13.1, within 30 days of receiving the final report, or such other period as the Parties may agree, the Party complained against shall enter into negotiations with the complaining Party with a view to developing mutually acceptable compensation.

2. If the Parties:

- (a) are unable to agree on compensation within 30 days after the period for developing such compensation has begun; or
- (b) have agreed on compensation or on a resolution pursuant to Article 20.13.1, and the complaining Party considers that the Party complained against has failed to observe the terms of the Agreement.

the complaining Party may at any time thereafter provide written notice to the Party complained against that it intends to suspend the application to the Party complained

against of benefits of equivalent effect. The notice shall specify the level of benefits that the complaining Party proposes to suspend. The complaining Party may begin suspending benefits of equivalent effect 15 days after the later of the date on which it provides notice to the other Party under this paragraph or the panel issues its determination under paragraph 5, as the case may be.

3. In considering which benefits to suspend pursuant to paragraph 2:
 - (a) the complaining Party should first seek to suspend benefits or other obligations in the same sector or sectors as those affected by the measure or other matter that the panel has found to be inconsistent with the obligations of this Agreement or to have caused nullification or impairment in the sense of Article 20.2.1(c); and
 - (b) the complaining Party that considers it is not practicable or effective to suspend benefits or other obligations in the same sector or sectors may suspend benefits in other sectors.

4. The suspension of benefits shall be temporary and be applied by the complaining Party only until the measure found to be inconsistent with the obligations of this Agreement or otherwise nullifying or impairing benefits under Article 20.2.1(c) has been brought into conformity with this Agreement, or until such time as the Parties have otherwise reached an agreement on a resolution of the dispute.

5. If the Party complained against considers that:
 - (a) the level of benefits that the complaining Party has proposed to be suspended is manifestly excessive; or
 - (b) it has eliminated the non-conformity or the nullification or impairment that the panel has found,

it may, within 30 days after the complaining Party provides notice under paragraph 2, request that the original panel be reconvened to consider the matter. The panel shall reconvene as soon as possible after delivery of the request and shall present its determination to the Parties within 90 days after it reconvenes to review a request under either subparagraph (a) or (b), or within 120 days for a request under both subparagraphs (a) and (b). If the panel determines that the level of benefits proposed to be suspended is manifestly excessive, it shall determine the level of benefits it considers to be of equivalent effect.

6. The complaining Party may suspend benefits up to the level the panel has determined under paragraph 5 or, if the panel has not determined the level, the level the Party has proposed to suspend under paragraph 2, unless the panel has determined that the Party complained against has eliminated the non-conformity or the nullification or impairment.

ARTICLE 20.15: COMPLIANCE REVIEW

1. Without prejudice to the procedures set out in Article 20.14.5, if the Party complained against considers that it has eliminated the non-conformity or the nullification or impairment that the panel has found, it may refer the matter to the panel by providing written notice to the complaining Party. The panel shall reconvene as soon as possible after delivery of the request and shall issue its report on the matter within 60 days after the Party complained against provides notice.

2. If the panel decides that the Party complained against has eliminated the non-conformity or the nullification or impairment, the complaining Party shall promptly reinstate any benefits it has suspended under Article 20.14.

ARTICLE 20.16: TIME LIMITS

Any time limit referred to in this Chapter may be reduced, waived, or extended, by mutual agreement of the Parties.

ARTICLE 20.17: EXPENSES

Unless the Parties otherwise agree, the expenses of the panel, the remuneration of the panelists and their assistants, their travel and lodging expenses, and all general expenses shall be borne in equal shares between the Parties, in accordance with Annex 20-B (Rules of Procedure).

ANNEX 20-A CODE OF CONDUCT

Responsibilities to the Process

1. Every panelist shall avoid impropriety and the appearance of impropriety, shall be independent and impartial, shall avoid direct and indirect conflicts of interests and shall observe high standards of conduct so that the integrity and impartiality of the dispute settlement process are preserved.

Disclosure Obligations

2. Prior to confirmation of his or her selection as a panelist under this Agreement, a candidate shall disclose any interest, relationship, or matter that is likely to affect his or her independence or impartiality or that might reasonably create an appearance of impropriety or bias in the proceeding. To this end, a candidate shall make all reasonable efforts to become aware of any such interests, relationships, and matters and shall complete and provide an Undertaking Form to be agreed upon by the Parties that will be based on the form used in dispute settlement proceedings of the WTO.

3. Once appointed, a panelist shall continue to make all reasonable efforts to become aware of any interests, relationships, or matters referred to in paragraph 2, and shall disclose them by communicating them in writing to the Joint Committee for consideration by the Parties. The obligation to disclose is a continuing duty, which requires a panelist to disclose any such interests, relationships, or matters that may arise during any stage of the proceeding.

4. Disclosures made pursuant to this Code of Conduct do not determine whether or under what circumstances the Parties will disqualify a candidate or panelist from being appointed to serve as a member of a panel or an expert or assistant from participating in panel proceedings.

Performance of Duties by Panelists

5. A panelist shall comply with the provisions of this Chapter and the applicable rules of procedure.

6. Upon selection, a panelist shall perform his or her duties thoroughly and expeditiously throughout the course of the proceeding with fairness and diligence.

7. A panelist shall consider only those issues raised in the proceeding and necessary to render a decision and shall not delegate the duty to decide to any other person.

8. A panelist shall take all appropriate steps to ensure that the panelist's assistants, staff, and experts are aware of and comply with this Annex, *mutatis mutandis*.⁹ A panelist shall not engage in *ex parte* contacts concerning the proceeding.

10. A panelist shall not communicate matters concerning actual or potential violations of this Annex unless the communication is to both Parties or is necessary to ascertain whether that panelist has violated or may violate this Annex.

Independence and Impartiality of Panelists

11. A panelist shall be independent and impartial. A panelist shall act in a fair manner and shall avoid creating an appearance of impropriety or bias.

12. A panelist shall not be influenced by self-interest, outside pressure, political considerations, public clamor, loyalty to a Party, or fear of criticism.

13. A panelist shall not, directly or indirectly, incur any obligation or accept any benefit that would in any way interfere, or appear to interfere, with the proper performance of the panelist's duties.

14. A panelist shall not use his or her position on the panel to advance any personal or private interests. A panelist shall avoid actions that may create the impression that others are in a special position to influence the panelist.

15. A panelist shall not allow past or existing financial, business, professional, family or social relationships, or responsibilities to influence the panelist's conduct or judgment.

16. A panelist shall avoid entering into any relationship, or acquiring any financial interest, that is likely to affect the panelist's impartiality or that might reasonably create an appearance of impropriety or bias.

Duties in Certain Situations

17. A panelist or former panelist shall avoid actions that may create the appearance that the panelist was biased in carrying out the panelist's duties or would benefit from the decision or ruling of the panel.

Maintenance of Confidentiality

18. A panelist or former panelist shall not at any time disclose or use any non-public information concerning a proceeding or acquired during a proceeding except for the purposes of the proceeding and shall not, in any case, disclose or use any such information to gain personal advantage or advantage for others or to affect adversely the interest of others.

19. A panelist or former panelist shall not disclose a panel report or parts thereof

prior to its publication.

20. A panelist or former panelist shall not at any time disclose the deliberations of a panel or any panelist's view except as required by law.

Mediators

21. The provisions described in this code of conduct shall apply, *mutatis mutandis*, to mediators and conciliators.

Definitions

22. For the purposes of this Annex:

assistant means a person who, under the terms of appointment of a panelist, conducts research or provides other professional support for the panelist;

expert means a person or body from whom the panel seeks information and technical advice pursuant to Rule 30 (Role of Experts) of the Rules of Procedure in Annex 20-B;

panelist means a member of a panel established under Article 20.7;

proceeding, unless otherwise specified, means a panel proceeding under this Chapter; and

staff, means persons under the direction and control of the panel or of a panelist, other than assistants.

ANNEX 20-B
RULES OF PROCEDURE

Application

1. The following rules of procedure are established under Article 20.8 and shall apply to dispute settlement proceedings under this Chapter unless the Parties otherwise agree.
2. Any reference made in these rules of procedure to an Article is a reference to the appropriate Article in this Chapter.

Administration of Proceedings

3. The Party in whose territory the proceedings take place shall be in charge of the logistical administration of dispute settlement proceedings, in particular the organization of hearings, unless the Parties agree otherwise.

Composition of Panel

4. The date of the appointment of the panelist shall be considered as the date upon which the candidate submits its written acceptance to the Parties. If the candidate fails to communicate its acceptance to the Parties, within 2 days after the candidate was informed of its selection, such candidate shall be deemed not to accept the appointment.

Written Submissions and Other Documents

5. Each Party shall deliver the original and no less than four copies of any written submission to the panel and one copy to the Embassy of the other Party. Delivery of submissions and any other document related to the panel proceeding may be made by facsimile or other means of electronic transmission if the Parties so agree. Where a Party delivers physical copies of written submissions or any other document related to the panel proceeding, the Party shall deliver at the same time an electronic version of such submissions or other document.
6. The deadlines are counted from the following date of the receipt of such submission or document. The complaining Party shall deliver a complete initial written submission to the Party complained against no later than 10 days after the date on which the last panelist is appointed. The Party complained against shall, in turn, deliver a written counter-submission no later than 30 days following the date of receipt of the initial written submission of the complaining Party.
7. The panel shall establish, in consultation with the Parties, dates for the delivery of the subsequent written rebuttal submissions of the Parties and any other written

submissions that the panel and the Parties agree are appropriate.

8. A Party may at any time correct minor errors of a clerical nature in any written submission or other document related to the panel proceeding by delivering a new document clearly indicating the changes.

9. If the last day for delivery of a document falls on a legal holiday observed by a Party or on any other day on which the government offices of that Party are closed by order of the government or by *force majeure*, the document may be delivered on the next business day.

Burden of Proof

10. A Party asserting that a measure of the other Party is inconsistent with its obligations under this Agreement, or that the other Party has otherwise failed to carry out its obligations under this Agreement, or that a benefit the Party could reasonably have expected to accrue is being nullified or impaired as a result of a measure that is not inconsistent with this Agreement shall have the burden of proving its assertions.

11. A Party asserting that a measure is subject to an exception under this Agreement shall have the burden of proving that the exception applies.

Operation of Panels

12. The chair of the panel shall preside at all of its meetings. A panel may delegate to the chair of the panel authority to make administrative decisions regarding the proceedings. Unless the Parties agree otherwise, the panel within seven days of its establishment shall contact the Parties in order to discuss administrative matters.

13. The panel may conduct its business by any appropriate means, including technological means such as telephone, facsimile transmission, and video or computer links.

14. Only panelists may take part in the deliberations of the panel. The panel may, in consultation with the Parties, employ such number of assistants, interpreters or translators, or court reporters as may be required for the proceeding and permit them to be present during such deliberations.

15. Where a procedural question arises that is not addressed by these rules, a panel may, in consultation with the Parties, adopt an appropriate procedure that is consistent with this Agreement.

16. The time-period applicable to the panel proceeding shall be suspended for a period that begins on the date on which any member of the panel becomes unable to act and ends on the date on which a successor is appointed.

17. A panel may, upon mutual agreement between the Parties, modify any time-

period applicable in the panel proceeding and make other procedural or administrative adjustments as may be required in the proceeding. A panel, in consultation with the Parties, may, in light of unforeseen developments, modify a time period applicable in the panel proceedings and make other procedural or administrative adjustments required for the fairness or efficiency of the proceeding.

Removal of a Panelist

18. Where a Party considers that a panelist or the chair is not in compliance with the requirements of the Code of Conduct and for this reason must be replaced, that Party shall immediately notify the other Party. Upon receipt of such notice, the Parties shall consult and, if they so decide, shall replace the panelist or the chair and select a replacement.

19. If the Parties fail to decide on the need to replace a panelist, either Party may request that the matter be referred to the chair of the panel, whose decision shall be final. The chair shall render a decision within 10 days of the request.

20. If the panelists cannot reach a decision within 10 days of the request on the need to replace the chair, either Party may request that such matter be referred to one of the remaining candidates of individuals appointed to act as chair under Article 20.8.2. His or her name shall be drawn by lot by the chair or the chair's delegate. The decision by this person on the need to replace the chair shall be final.

Hearings

21. The chair of the panel shall fix the date and time of the initial hearing and any subsequent hearings in consultation with the Parties and the panelists, and then notify the Parties no later than 15 days prior to the hearings in writing of those dates and times.

22. Unless the Parties otherwise agree, the hearings shall be held in the capital of the Party complained against.

23. The panel may convene additional hearings if the Parties so agree.

24. All panelists shall be present during the entirety of any hearing.

25. No later than five days before the date of a hearing, each Party shall deliver to the other Party and the panel a list of the names of those persons who will be present at the hearing on behalf of that Party and of other representatives or advisers who will be attending the hearing.

26. Each hearing shall be conducted by the panel in a manner that ensures that the complaining Party and the Party complained against are afforded equal time for arguments, replies and counter-replies.

27. Hearings shall be open to the public, unless the Parties decide otherwise. Hearings shall be held in closed session when the submissions and arguments of a Party

contain confidential information. The Panel may, in consultation with the Parties, adopt appropriate logistical arrangements and procedures to ensure that hearings are not disrupted by the attendance of the public.

28. The panel shall arrange the preparation of hearing transcripts, if any, and shall, as soon as possible after any such transcripts are prepared, deliver a copy to each Party.

Role of Experts

29. Upon request of a Party, or on its own initiative, the panel may seek information and technical advice from any person or body that it deems appropriate, relating to the factual or legal issues before it, subject to paragraphs 31 and 32, and such additional terms and conditions as the Parties may agree upon. The requirements set out in Article 20.9 (Qualification of Panelists) shall apply to the experts or bodies, as appropriate.

30. Before the panel seeks information or technical advice, it shall:

- (a) notify the Parties of its intention to seek information or technical advice pursuant to paragraph 30 and the reasons for seeking it. In addition, the panel shall identify the expert from whom or which the information or technical advice is sought. The panel shall provide the Parties with an adequate period of time to submit comments; and
- (b) provide the Parties with a copy of any information or technical advice received pursuant to paragraph 30 and provide them with an adequate period of time to submit comments.

31. When the panel takes into consideration the information or technical advice received pursuant to paragraph 30 for the preparation of its report, it shall also take into consideration any comments or observations submitted by the disputing Parties with respect to such information or technical advice.

Questions in Writing

32. The panel may at any time during the proceedings address questions in writing to one or both Parties. The Parties shall receive a copy of any questions put forward by the Panel.

33. Each Party shall also provide a copy of its written response to the panel's questions to the other Party. The Parties shall be given the opportunity to provide written comments on the reply of the other Party within five days of the date of delivery.

Ex Parte Contacts

34. Neither Party may communicate with the panel without notifying the other Party. The panel shall not communicate with a Party in the absence of, or without notifying, the other Party.

35. No panelist may discuss any aspect of the substantive subject matter of the proceeding with the Parties in the absence of the other panelists.

Availability of Information

36. The Parties shall maintain the confidentiality of the panel's hearings, deliberations and initial report, and all written submissions to, and communications with, the panel, in accordance with the following procedures:

- (a) a Party may make available to the public at any time its own written submissions;
- (b) to the extent it considers strictly necessary to protect personal privacy or legitimate commercial interests of particular enterprises, public or private, or to address essential confidentiality concerns, a Party may designate specific information included in its written submissions, or that it has presented in the panel hearing, for confidential treatment;
- (c) a Party shall treat as confidential any information submitted by the other Party to the panel that the latter Party has designated as confidential pursuant to subparagraph (b); and
- (d) each Party shall take such reasonable steps necessary to ensure that experts, interpreters, translators, court reporters (designated note takers) and other individuals involved in the panel proceedings maintain the confidentiality of the panel proceedings.

Remuneration and Payment of Expenses

37. Unless the Parties otherwise agree, the expenses of the panel, the remuneration of the panelists and their assistants, their travel and lodging expenses, and all general expenses shall be borne in equal shares between the Parties, in accordance with this Annex.

38. Each panelist shall keep a record and render a final account of his or her time and expenses, and those of any assistant, and the panel shall keep a record and render a final account of all general expenses.

Language

39. All proceedings relating to the dispute settlement proceedings shall be conducted in the English language.

40. Any document submitted for use in any proceedings pursuant to this Chapter shall be in the English language. If any original document is not in the English language the Party submitting such document shall provide an English translation of that document.

Time Limits

41. All time limits laid down in this Chapter, including the limits for the panels to issue their rulings, shall be counted in calendar days, the first day being the day following the act or fact to which they refer.

Definitions

42. For the purposes of this Annex:

adviser means a person retained by a Party to advise or assist the Party related with the panel proceeding;

assistant means a person who, under the terms of appointment by a panelist, conducts research or provides other professional assistance to that panelist;

complaining Party means a Party that requests the establishment of a panel under Article 20.7;

court reporter means a designated note-taker;

expert means a person or body from whom the panel seeks information and technical advice pursuant to Rule 30 (Role of Experts) of this Annex (Rules of Procedure);

legal holiday means every Friday and Saturday in Israel, every Saturday and Sunday in Korea and any other day designated by a Party as an official holiday;

panel means a panel established under Article 20.7;

panelist means a member of a panel established under Article 20.7;

Party complained against means a Party that received the request for the establishment of a panel under Article 20.7;

proceedings means a panel proceeding; and

representative means an employee of a government department or agency or of any other government entity of a Party.

CHAPTER 21

EXCEPTIONS

ARTICLE 21.1: GENERAL EXCEPTIONS

1. For the purposes of Chapter 2 (National Treatment and Market Access for Goods), 3 (Rules of Origin), 4 (Customs Procedures and Trade Facilitation), 5 (Sanitary and Phytosanitary Measures), 6 (Technical Barriers to Trade), 7 (Trade Remedies), Article XX of GATT 1994 and its interpretive notes are incorporated into and made part of this Agreement, *mutatis mutandis*. The Parties understand that the measures referred to in Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal, or plant life or health, and that Article XX(g) of GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources.

2. For the purposes of Chapters 10 (Cross-Border Trade in Services), 11 (Temporary Entry of Business Persons), 12 (Telecommunications) and 13 (Electronic Commerce)⁷⁶, Article XIV of GATS (including its footnotes) is incorporated into and made part of this Agreement, *mutatis mutandis*. The Parties understand that the measures referred to in Article XIV(b) of GATS include environmental measures necessary to protect human, animal, or plant life or health.

3. For the purposes of Chapter 9 (Investment), subject to the requirement that such measures are not applied in an arbitrary or unjustifiable manner, and do not constitute a disguised restriction on international trade or investment, nothing in this agreement shall

⁷⁶ Article 21.1 is without prejudice to whether digital products should be classified as goods or services.

be construed to prevent a Party from adopting or maintaining measures including environmental measures:

- (a) necessary to secure compliance with laws and regulations that are not inconsistent with this agreement;
- (b) necessary to protect human, animal or plant life or health;
- (c) related to the conservation of living or non-living exhaustible natural resources;
- (d) necessary to protect national treasures of artistic, historic or archeological value; or
- (e) necessary to protect public morals or to maintain public order, provided that the public order exception may only be invoked where a genuine and sufficiently serious threat is posed to one of the fundamental interests of society.

4. This Agreement shall not apply to financial services as defined in Article 1.7 (Definitions)

ARTICLE 21.2: ESSENTIAL SECURITY

Nothing in this Agreement shall be construed:

- (a) to require a Party to furnish or allow access to any information the disclosure of which it determines to be contrary to its essential security interests; or
- (b) to preclude a Party from applying measures that it considers necessary for

the fulfillment of its obligations under the United Nations Charter with respect to the maintenance or restoration of international peace or security, or for the protection of its own essential security interests, or in order to carry out obligations it has accepted for the purposes of maintaining international security.

ARTICLE 21.3: TAXATION

1. Except as set out in this Article, nothing in this Agreement shall apply to taxation measures.

2.
 - (a) Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any such convention, that convention shall prevail to the extent of the inconsistency.

 - (b) In the case of a tax convention between the Parties, the competent authorities under that convention shall have sole responsibility for determining whether any inconsistency exists between this Agreement and that convention.

3. Notwithstanding paragraph 2:
 - (a) Article 2.2 (National Treatment) and such other provisions of this Agreement as are necessary to give effect to that Article shall apply to taxation measures to the same extent as does Article III of GATT 1994; and

- (b) Article 2.12 (Export Duties, Taxes, or Other Charges) shall apply to taxation measures.

4. Subject to paragraph 2:

- (a) Article 10.2 (National Treatment) shall apply to taxation measures on income, on capital gains, or on the taxable capital of corporations that relate to the purchase or consumption of particular services, except that nothing in this subparagraph shall prevent a Party from conditioning the receipt or continued receipt of an advantage relating to the purchase or consumption of particular services on requirements to provide the service in its territory; and
- (b) Articles 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), 10.2 (National Treatment), and 10.3 (Most-Favored-Nation Treatment) shall apply to all taxation measures, other than those on income, on capital gains, or on the taxable capital of corporations; or taxes on estates, inheritances, gifts, and generation-skipping transfers;

except that nothing in the Articles referred to in subparagraphs (a) and (b) shall apply:

- (c) any most-favored-nation obligation with respect to an advantage accorded by a Party pursuant to a tax convention;
- (d) to a non-conforming provision of any existing taxation measure;

- (e) to the continuation or prompt renewal of a non-conforming provision of any existing taxation measure;
- (f) to an amendment to a non-conforming provision of any existing taxation measure, to the extent that the amendment does not decrease its conformity, at the time of the amendment, with any of those Articles;
- (g) to the adoption or enforcement of any taxation measure aimed at ensuring the equitable or effective imposition or collection of taxes (as permitted by Article XIV(d) of GATS); or
- (h) to a provision that conditions the receipt, or continued receipt, of an advantage relating to the contributions to, or income of, a pension trust or pension plan, on a requirement that the Party maintain continuous jurisdiction over the pension trust or pension plan.

5. Subject to paragraph 2 and without prejudice to the rights and obligations of the Parties under paragraph 3, paragraphs 2 and 5 of Article 9.9 (Performance Requirements) shall apply to taxation measures.

6. (a) Article 9.19 (Submission of a Claim to Arbitration) shall apply to a taxation measure alleged to be an expropriation.

(b) Article 9.7 (Expropriation and Compensation) shall apply to taxation measures. However, no investor may invoke Article 9.7 as the basis for a

claim where it has been determined pursuant to this subparagraph that the measure is not an expropriation. An investor that seeks to invoke Article 9.7 with respect to a taxation measure must first refer to the competent authorities, at the time that it gives its notice of intent under Article 9.19 (Submission of a Claim to Arbitration), the issue of whether that taxation measure is not an expropriation. If the competent authorities do not agree to consider the issue or, having agreed to consider it, fail to agree that the measure is not an expropriation within a period of 180 days of such referral, the investor may submit its claim to arbitration under Article 9.19.

- (c) For the purposes of this paragraph, **competent authorities** means:
 - (i) for Korea, the Deputy Minister for Tax and Customs, Ministry of Economy and Finance; and
 - (ii) for Israel, Israel Tax Authority, the Ministry of Finance.

- 7. For the purposes of this Article, “taxes” and “taxation measures” do not include:
 - (a) customs duties as defined in Article 1.7 (Definitions); or
 - (b) the measures listed in exceptions (b), (c) and (d) of that definition.

ARTICLE 21.4: DISCLOSURE OF INFORMATION

Nothing in this Agreement shall be construed to require a Party to furnish or allow access to confidential information the disclosure of which would be contrary to its law, impede law enforcement or otherwise be contrary to the public interest or which would prejudice the legitimate commercial interests of particular individuals and enterprises, public or private.

CHAPTER 22

FINAL PROVISIONS

ARTICLE 22.1: ANNEXES, APPENDICES, AND FOOTNOTES

The annexes, appendices, and footnotes to this Agreement constitute an integral part of this Agreement.

ARTICLE 22.2: AMENDMENTS

1. The Parties may agree, in writing, to amend this Agreement.
2. An amendment shall enter into force on a date decided upon by the Parties following the date of the latter diplomatic note by which the Parties notify each other that their internal legal procedures required for entry into force of the amendments have been completed.
3. An amendment shall constitute an integral part of this Agreement.

ARTICLE 22.3: AMENDMENT OF THE WTO AGREEMENT

If any provision of the WTO Agreement that the Parties have incorporated into this Agreement is amended, the Parties shall consult to consider amending the relevant provision of this Agreement, as appropriate, in accordance with Article 22.2.

ARTICLE 22.4: ADDITIONAL PARTIES

The Parties may decide to invite a country or group of countries to become a Party to this Agreement. The terms and conditions of the participation shall be agreed between the Parties and the invited country or group of countries, and subject to approvals in accordance with the applicable internal legal requirements and procedures of each Party and of the additional country or group of countries.

ARTICLE 22.5: ENTRY INTO FORCE AND TERMINATION

1. This Agreement shall enter into force 60 days following the date of the latter diplomatic note by which the Parties notify each other that they have completed their respective internal legal procedures required for the entry into force of this Agreement, or on any other date following the exchange of notes as agreed upon by the Parties.
2. Any Party may terminate this Agreement by means of a written diplomatic note to the other Party. Such termination shall become effective 180 days after the date of receipt of such notification by the other Party.
3. Within 30 days after a Party provides notice under paragraph 2, either Party may request the other Party in writing to enter into consultations regarding whether any provision of this Agreement should terminate on a date later than that provided under paragraph 2. The consultations shall begin no later than 30 days after the Party delivers its request.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Seoul, this 1st day of Sivan in the year 5781 of the Hebrew calendar, which corresponds to the 12th day of May, 2021, in two original copies each in the Hebrew, Korean and English languages, each version being equally authentic. In case of any divergence of interpretation or any discrepancies, the English text shall prevail.

FOR THE GOVERNMENT OF
THE STATE OF ISRAEL

FOR THE GOVERNMENT OF
REPUBLIC OF KOREA

ANNEX I

SCHEDULE OF THE STATE OF ISRAEL

EXPLANATORY NOTE

1. Israel's schedule to this Annex sets out, pursuant to subparagraph 1 of Articles 9.12 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), its existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favoured-Nation Treatment) or 10.3 (Most-Favoured-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Board of Directors)

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Sub-Sector**, where referenced, refers to the specific sub-sector for which the entry is made;
- (c) **Industry Classification**, where referenced, and only for transparency purposes, refers to the activity covered by the non-conforming measure, according to domestic or international industry classification codes;
- (d) **Obligations Concerned** specifies the obligations referred to in paragraph 1 that, pursuant to subparagraph 1(a) of Articles 9.12 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), do not apply to the

listed measure(s);

- (e) **Measures** identifies the laws, regulations or other measures for which the entry is made. A measure cited in the “Measures” element:
 - (i) means the measure as amended, continued or renewed as of the date of entry into force of this Agreement, and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (f) **Description** sets out the non-conforming measure or provides a general description of the measure for which the entry is made.

3. In the interpretation of an entry, all elements of the entry shall be considered. An entry shall be interpreted in the light of the relevant provisions of this Agreement against which the entry is taken, and the “Measures” element shall prevail over all the other elements.

4. For the purposes of this Annex the term “CPC” means Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991).

5. A Schedule entry for a requirement to be an Israeli national or resident is inscribed with respect to Article 10.5 (Local Presence) and Article 10.2 (National Treatment).

6. For greater certainty, a Schedule entry for a requirement to be an Israeli national or resident inscribed with respect to Article 9.3 (National Treatment) or Article 10.2 (National Treatment) shall be considered a limitation with respect to Article 10.4 (Market Access) as well.

7. A requirement for senior management and members of boards of directors, or any committee thereof, to be Israeli nationals or residents is only inscribed as a limitation with respect to Article 9.10 (Senior Management and Boards of Directors).

8. For greater certainty, in accordance with Article 10.1.3, a Schedule entry for a non-conforming measure with respect to Article 10.4 (Market Access) shall also apply to

measures adopted or maintained by Israel affecting the supply of a service in its territory through commercial presence, notwithstanding the heading of the Description element.

1	Sector:	All
	Obligations Concerned:	Senior Management and Board of Directors (Article 9.10)
	Measures:	The Companies Law-1999 (Articles 115, 118A, 239 and 240).
	Description:	<p style="text-align: center;">Investment</p> <p>A public corporation or a company that has issued debt securities to the public (hereafter Debenture Company) must have on its board of directors at least two outside directors.</p> <p>All outside directors of a public company must be Israeli residents.</p> <p>All outside directors shall be members of the audit committee and of the remuneration committee and form a majority thereof. There shall be no fewer than three members in the audit committee and no fewer than three members in the remuneration committee.</p> <p>However, a public company or a debenture company whose shares or debt - or part of them- were offered to the public outside Israel, or that is registered in a stock exchange outside Israel, can appoint outside directors who are not Israeli residents.</p>

2 Sector: All

Obligations Performance Requirements (Article 9.9)
Concerned:

Measures: Bankruptcy Ordinance, 1980

Companies Law, 1999 (Articles 350-351)

Companies Ordinance, 1983

Description: **Investment**

When an investor or an investment is declared bankrupt or insolvent and subject to debt restructuring proceedings, Israel may demand a transfer of technology, a production process or other proprietary knowledge to the extent necessary for the proceedings.

3	Sector:	All
	Obligations Concerned:	Market Access (Article 10.4) National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5)
	Measures:	Law for Hazardous Substances, 1993 Law for the Prevention of Asbestos Hazards and Damaging Dust, 2011 Law of Environmental Treatment of Electrical and Electronic Equipment and Batteries, 2012 Water Law, 1959 Hazardous Substances Regulations (Import and Export of Hazardous Substances), 1994 Law for the Regulation of the Practice of Pest Control, 2016 Law for the Treatment of Packing Material, 2011 Business Licensing Regulations (Disposal of Hazardous Material Waste), 1990

Description:

Cross-Border Trade in Services and Investment

1. Nationality or residency of Israel is required for hazardous substances handler permit.
2. A refuse disposal enterprise for environmental treatment of electrical and electronic equipment and batteries shall employ only nationals or residents of Israel.
3. Certain hazardous materials may only be treated by the Environmental Services Company.
4. Nationality or residency of Israel is required to obtain a permit for collection and treatment of asbestos.
5. At least one employee of an asbestos contractor, that performs dismantling and removal of asbestos, shall be a national or resident of Israel.
6. Export of packaging material waste is limited to 20 percent of the recycling objective in accordance with the Law for the Treatment of Packing Material, 2011.
7. Obtainment of permit for export of hazardous substances requires authorization by the Ministry of Environmental Protection.

4	Sector:	Electronic Signature
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Electronic Signature Law, 2001 (Articles 11 and 22)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. Registration as a “foreign issuer of electronic certificate” may be subject to additional conditions as set out in the Electronic Signature Law, 2001.</p> <p>2. Registration as an issuer of electronic certificate other than a “foreign issuer of electronic certificate” requires to be a national or resident of Israel or an enterprise incorporated in Israel and having its main operations and center of business in Israel.</p>

5	Sector :	Fishery
	Obligations Concerned:	National Treatment (Article 9.3)
	Measures:	Fishery Regulation, 1937 (Articles 2-3)
	Description:	<p>Investment</p> <p>Issuance, continuation and amendment of fishery license require authorization by the Ministry of Agriculture. Israel reserves the right not to issue a fishery license for foreign nationals or enterprises under Fishery Regulation, 1937.</p>

6	Sector :	Business Services
	Sub-Sector:	Legal Services
	Industry Classification:	CPC 861
	Obligations Concerned:	National Treatment (Article 9.3)
	Measures:	Bar Association Law, 1961 (Articles 20, 42, 98-98M)
	Description:	<p>Investment</p> <ol style="list-style-type: none"> 1. Israeli residency is required for obtaining a license to practice Israeli law. 2. Foreign licensed lawyers may give legal services pertaining to foreign law or international law in Israel provided that they are registered with the Israeli Bar Association.

7	Sector :	Business Services
	Sub-Sector:	Taxation services
	Industry Classification:	CPC 863
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Income Tax Ordinance [New Version], 1961 (Article 236) Regulation of Representation by Tax Consultants Law, 2005 (Article 10)
	Description:	Cross-Border Trade in Services and Investment A corporation's tax return to the Tax Authority must be certified by an auditor licensed in Israel. An auditor may be either an accountant or a tax consultant, licensed in Israel. Israeli residency is required in order to obtain a tax consultancy license.

8	Sector :	Business Services
	Sub-Sector:	Veterinary services
	Industry Classification:	CPC 932
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Veterinarians Law, 1991 (Articles 5 and 17)
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israeli residency or nationality is required to obtain a license. 2. Foreign veterinarians, who are not Israeli residents or nationals, may obtain a permit from the Ministry of Agriculture for advising, teaching and research.

9	Sector :	Business Services
	Sub-Sector:	Tower crane operator; mobile crane operator
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Guidelines for renewing or amending certification for tower crane operators and mobile crane operators, Nb 441679
	Description:	Cross-Border Trade in Services and Investment Israeli residency or nationality is required in order to obtain authorization to operate.

10	Sector:	Business Services
	Sub-Sector:	Investigation services
	Industry Classification:	CPC 87301
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	The Private Investigators and Security Services Law, 1972 (Articles 4, 9-11 and 13).
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israeli residency or nationality is required to obtain a license. Ownership of an investigation corporation may be held only by licensed investigators. An investigation and security corporation may employ only licensed private investigators.</p>

11	Sector:	Business Services
	Sub-Sector:	Disinfecting and exterminating services
	Industry Classification:	CPC 87401
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Law for the Regulation of the Practice of Pest Control, 2016 (Article 7)
	Description:	Cross-Border Trade in Services and Investment Israeli residency or nationality is required to obtain a license.

12	Sector:	Business Services
	Sub-Sector:	Building Cleaning Services, except of disinfecting and exterminating services
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5) Senior Management and Board of Directors (Article 9.10)
	Measures:	Law of Employment of Workers by Private Employment Contractors, 1996 Companies Law, 1999 (Article 1)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. A private employment contractor enterprise for employment of workers in the building cleaning services shall appoint at least one position holder who is a national or resident of Israel.</p> <p>2. The granting of a license may be conditioned upon the existence of a local office.</p> <p>Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of</p>

directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.

13	Sector:	Communications
	Sub-Sector:	Domestic Fixed Line Services, International Communications Services and Radio and Mobile Telephone Services
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
		Local Presence (Article 10.5)
		Senior Management and Board of Directors (Article 9.10)
	Measures:	Communications Regulations (Telecommunications and Broadcasting) (Procedures and Conditions for Obtaining a General License for the Provision of Domestic Fixed-Line Telecommunication Services), 2000 (Article 11)
		Communication Law (Telecommunications and Broadcasting), 1982 (Articles 4-4H and 6-7)
		Communications Regulations (Telecommunications and Broadcasting) (Procedures and Conditions for Obtaining a Unified General License), 2010 (Article 10)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. In an enterprise supplying domestic fixed line services:</p> <p>(a) foreign holding is limited to 80 percent;</p> <p>(b) 75 percent of the members of the board of directors shall</p>

be nationals of Israel who are residents of Israel; and

(c) the director general shall be a national of Israel who is a resident of Israel.

2. In an enterprise supplying international communications services:

(a) foreign holding is limited to 74 percent;

(b) majority of the members of the board of directors shall be nationals of Israel who are residents of Israel;

(c) the director general shall be a national of Israel who is a resident of Israel; and

(d) the enterprise shall be incorporated in Israel and have its main operations and center of business in Israel.

3. In an enterprise supplying radio and mobile telephone services:

(a) foreign holding is limited to 80 percent;

(b) majority of the members of the board of directors shall be nationals of Israel who are residents of Israel; and

(c) the enterprise shall be incorporated in Israel and have its main operations and center of business in Israel.

14	Sector:	Communications
	Sub-Sector:	Broadcasting
	Obligations Concerned:	<p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Measures:	<p>Broadcasting Authority Law, 1965 (Articles 44C-44F)</p> <p>Communication Law (Telecommunications and Broadcasting), 1982 (Articles 4-4H and 6-7)</p> <p>Communications Regulations (Terms and Conditions for Satellite Broadcasting License), 1998 (Articles 13, 20 and 21)</p> <p>Second Authority for Television and Radio Law, 1990 (Articles 41 and 59)</p> <p>Public Broadcasting Law, 2014 (Article 64)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>1. In an enterprise that holds a license for cable broadcasting at least 26 percent of the means of control in</p>

the enterprise shall be held by nationals of Israel who are residents of Israel. The license shall not be granted to an enterprise in which a foreign government holds shares, but the Minister of Communications may authorize an indirect holding in the licensee of up to 10 percent by such an enterprise.

2. In an enterprise that holds a license for satellite broadcasting:

(a) at least 26 percent of the means of control in the enterprise shall be held by nationals of Israel who are residents of Israel;

(b) its main operations and center of business are located in Israel;

(c) a majority of its members of the board of directors and any persons in equivalent positions shall be nationals of Israel who are residents of Israel; and

(d) its director general or any persons in equivalent management position shall be a national of Israel who is a resident of Israel.

3. At least 51 percent of the means of control in a holder of a concession for operating commercial television broadcasting or regional radio broadcasting must be held by nationals of Israel who are residents of Israel.

4. In television broadcasting, including satellite and cable broadcasting, each broadcasting enterprise operating under license or concession is committed to spend a certain amount of its annual budget for local production, as defined in the legislation listed in the “Measures” element and to broadcast it.

15	Sector :	Educational services
	Sub-Sector:	Driving instructor
	Industry	Part of CPC 929
	Classification:	
	Obligations	National Treatment (Articles 9.3 and 10.2)
	Concerned:	Local Presence (Article 10.5)
	Measures:	Road Transport Regulations, 1961 (Articles 213C, 247, 251)
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israeli residency or nationality is required to obtain a driving instructor license.</p>

16	Sector:	Tourism
	Sub-Sector:	Travel Agencies and Tour Operators
		Tourist Guides Services
	Industry Classification:	CPC 7471, 7472
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
		Local Presence (Article 10.5)
	Measures:	Tourism Services Regulations (Tourist Guides), 1967 (Articles 2 and 9E)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israeli residency or nationality is required for obtaining a tourist guide license. 2. Only licensed tourist guides may be employed by travel agencies and operators to guide their tours in Israel.

17	Sector:	Transport
	Sub-Sector:	Maritime Transport
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local Presence (Article 10.5)
	Measures:	Shipping Law (Vessels), 1960 Ports Ordinance, 1971 Ports Regulations (Safety of Navigation), 1982 Shipping Law (Seafarers), 1973 Maritime Regulations (Seafarers), 2002 Maritime Regulations (Seafarers) (Staffing of Vessels and Tugboats with Israeli Seafarers), 2016 Shipping and Ports Authority Law, 2004 Shipping Law (Foreign Sea Vessel under Israeli Control), 2005
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. In order to register in the Israeli vessel registry and carry an Israeli flag, a majority ownership of a vessel by a national of Israel or an enterprise incorporated in Israel or by Israel is required ("Israeli Vessel.")</p>

2. A foreign vessel that is controlled by a national or resident of Israel or by an enterprise incorporated in Israel shall be registered in Israel in accordance with Shipping Law (Foreign Sea Vessel under Israeli Control), 2005 (“Foreign Vessel”).

3. Israeli seafarers are required in order to operate an Israeli vessel or a foreign vessel referred to in paragraph 2.

4. Seafarer certificate requires nationality of Israel. Providing a certificate to non-residents is subject to prior approval by the Administrator of Shipping and Ports.

18	Sector :	Transportation
	Sub-Sector:	Aircraft repair and maintenance services as defined in the GATS Annex on Air Transport Services
	Obligations Concerned:	Market Access (Article 10.4)
	Measures:	Air Navigation Regulations (Approved Maintenance Organizations), 2013 (Article 25)
	Description:	<p style="text-align: center;">Investment</p> <p>The number of service suppliers of base maintenance and repair in each airport can be limited, due to available space constraints.</p>

19.	Sector :	Transportation
	Sub-Sector:	Motor Vehicle
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
		Performance Requirements (Article 9.9)
		Local Presence (Article 10.5)
		Senior Management and Board of Directors (Article 9.10)
	Measures:	Supervision Order on Commodities and Services (Imports of Motor Vehicle and Services to Motor Vehicle), 1978 (Article 3)
		Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016 (Articles 2, 20, 41, 42, 44, 68, 89, 92, 97, 98, 136, 143 and 149)
		Companies Law, 1999 (Article 1)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. License is required in order to commercially import motor vehicles. The director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, of a corporation applying for licensure, shall be nationals or residents of Israel.</p> <p>2. License is required in order to manufacture and market</p>

motor vehicles or to trade in motor vehicles and the license holder must be:

(a) a national or resident of Israel who is a sole proprietor;
or

(b) a registered corporation in Israel whose director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, are nationals or residents of Israel.

3. License is required in order to brokerage in motor vehicle private import and the license holder must be:

(a) a national or resident of Israel who is a sole proprietor;
or

(b) an employee of a registered corporation in Israel whose director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, are nationals or residents of Israel.

4. License is required in order to manufacture traffic products, as defined in Article 2 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, and the license holder must be:

(a) a sole proprietor; or

(b) a registered corporation in Israel whose director general and at least one interested party as defined in Article 1 of the Companies Law, 1999, are nationals or residents of Israel.

5. Israel may determine that certain traffic products, as defined in Article 97 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, are

made for marketing in the Israeli market alone.

6. Nationality or residency of Israel is required for licensure as a motor vehicle appraiser.

7. Nationality or residency of Israel is required for licensure as a professional manager of a motor vehicle service center (garage) and at least one licensed professional manager is required to be available on the premises in order to operate a motor vehicle garage.

Note 1: “Traffic Product” as defined in Article 2 of the Law of Licensing of Services and Professions in the Motor Vehicle Sector, 2016, is an accessory, a part, system of parts, an appliance with the exception of an appliance that is a work tool used by garages or manufacturers only, a device or substance that is a liquid, solid or gas, that is used or designed to be used for assembly, maintenance or the proper operation of a motor vehicle or for ensuring the safety of a motor vehicle or for ensuring user safety or for his convenience.

Note 2: For the purposes of this Schedule, it is understood that director general is an equivalent position to chief executive officer.

Note 3: For the purposes of this Schedule, “interested party”, as defined in Article 1 of the Companies Law, 1999, is:

(a) a substantial shareholder;

(b) a person with the power to appoint one or more members of the board of directors or the director general;
or

(c) a person who serves in the enterprise as a member of the board of directors or as a director general.

20	Sector :	Transportation
	Sub-Sector:	Driving Licenses and Road Transport Services, including Passenger Transportation Services, Motor Vehicle Mechanics Safety Officer
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local presence (Article 10.5)
	Measures:	Road Transport Regulations, 1961 (Articles 175-190, 213-213H, 216, 221, 221A, 247, 251, 531, 567, 567B and 582) Road Transport Ordinance (Article 14) Supervision Order on Commodities and Services (Purchase, Installation and Maintenance of Taxi Meters), 1984 Companies Law, 1999 (Article 1)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. Israeli residency or nationality is required to obtain certain types of driving licenses, in accordance with Articles 175-185, 189 and 190 of Road Transport Regulations, 1961.</p> <p>2. Israeli residency or nationality is required for obtaining a taxi operator license.</p> <p>3. Israeli residency or nationality is required for an individual working in installation or maintenance of taxi meters and an enterprise operating in installation or maintenance of taxi meters must have at least one</p>

interested party, as defined in Article 1 of the Companies Law, 1999, who is a national or resident of Israel.

4. Israeli residency or nationality is required for authorization to work as a motor vehicle mechanics safety officer.

21	Sector :	Road transportation services
	Sub-Sector:	Transportation of freight
		Transportation of furniture
		Rental of commercial vehicles with operator
	Industry Classification:	CPC 71233, 71239, 71234, 7124
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
		Local presence (Article 10.5)
	Measures:	Road Transport Regulations, 1961 (Article 189)
		Freight Services Regulations, 2001 (Article 2 and 24)
		Law of Transport Services, 1997
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. Israeli residency or nationality is required in order to obtain a license to transport freight over 10 tons or hazardous materials of any weight.</p> <p>2. The professional manager and the operator of haulage shall be a national or resident of Israel.</p>

22	Sector :	Transportation
	Sub-Sector:	Customs Agents
	Industry Classification:	CPC 749**
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Local presence (Article 10.5)
	Measures:	Customs Agent Law, 1964 (Articles 4 and 5)
	Description:	<p>Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israeli residency or nationality is required to obtain a Customs agent's license. 2. All customs firms, including foreign customs firms, must employ at least one Israeli licensed custom agent as an active manager, clerk or as a partner.

ANNEX I

SCHEDULE OF THE REPUBLIC OF KOREA

EXPLANATORY NOTE

1. The Schedule of Korea to this Annex sets out, pursuant to Articles 9.12 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), Korea's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favoured-Nation Treatment) or 10.3 (Most-Favoured-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Boards of Directors)

2. Each Schedule entry sets out the following elements:
- (a) **Sector**, refers to the sector for which the entry is made;
 - (b) **Obligation Concerned**, specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.12.1(a) and 10.6.1(a), shall not apply to the non-conforming aspects of the law, regulation, or other measures, as set out in paragraph 3;
 - (c) **Measures**⁷⁷, identifies the laws, regulations, or other measures for which the entry is made. A measure cited in the Measures element:
 - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement; and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
 - (d) **Description**, sets out commitments, if any, for liberalization on the date of entry into force of this Agreement, and the remaining non-conforming aspects of the measure for which the entry is made.

⁷⁷ For greater certainty, a change in the level of government at which a measure is administered or enforced does not, by itself, decrease the conformity of the measure with the obligations referred to in Article 9.12.1 and Article 10.6.1.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant Articles of the Chapters against which the entry is made. To the extent that:

(a) the Measures element is qualified by a liberalization commitment from the Description element, the Measures element as so qualified shall prevail over all other elements; and

(b) the Measures element is not so qualified, the Measures element shall prevail over all other elements, unless any discrepancy between the Measures element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the Measures element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Articles 9.12.1(a) and 10.6.1(a) and subject to Articles 9.12.1(c) and 10.6.1(c), the Articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the Measures element of that entry.

5. Where Korea maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favoured-Nation Treatment), or 10.5 (Local Presence) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favoured-Nation Treatment), or 9.9 (Performance Requirements) to the extent of that measure.

6. A **foreign person** means a foreign national or an enterprise organized under the laws of another country.

7. The Schedule contained in this Annex is without prejudice to Korea's position on the supply of services that were not technically feasible at the time of entry into force of this Agreement, and the supply of new services other than those classified positively and explicitly in UN CPC provisional code.

8. For greater certainty, in accordance with Article 10.1.3, a Schedule entry for a non-conforming measure with respect to Article 10.4 (Market Access) shall also apply to measures adopted or maintained by Korea affecting the supply of a service in its territory through commercial presence, notwithstanding the heading of the Description element.

9. For greater certainty, Articles 10.2 (National Treatment) and 10.5 (Local Presence) are separate disciplines and a measure that is only inconsistent with Article 10.5 (Local Presence) need not be reserved against Article 10.2 (National Treatment)

1. Sector: Construction Services

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Framework Act on the Construction Industry* (Law No. 16415, April 30, 2019), Articles 9 and 10

Enforcement Decree of the Framework Act on the Construction Industry (Presidential Decree No. 29877, June 18, 2019), Article 13

Enforcement Regulations of the Framework Act on the Construction Industry (Ordinance of the Ministry of Land, Infrastructure and Transport No. 627, June 19, 2019), Article 2

Information and Communication Construction Business Act (Law No. 16020, December 24, 2018), Article 14

Fire Fighting System Installation Business Act (Law No. 15366, February 9, 2018), Articles 4 and 5

Enforcement Decree of the Fire Fighting System Installation Business Act (Presidential Decree No. 30106, October 8, 2019), Article 2 (Table 1)

*Enforcement Regulations of the Fire Fighting System
Installation Business Act (Ordinance of the Prime Minister
No. 1247, January 27, 2016), Article 2*

Description:

Cross-Border Trade in Services

A person that supplies construction services in Korea must, prior to the signing of the first contract related to such services, establish an office in Korea.

2. Sector: Leasing, Rental, Maintenance, Repair, Sales, and Disposal Services Related to Construction Machinery and Equipment

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Construction Machinery Management Act* (Law No.16134, December 31, 2018), Article 21

Enforcement Decree of the Construction Machinery Management Act (Presidential Decree No.30085, September 17, 2019), Articles 13, 14, 15 and 15-2

Enforcement Regulations of the Construction Machinery Management Act (Ordinance of the Ministry of Land, Infrastructure and Transport No.659, October 18, 2019), Articles 57 through 63, 65-2 and 65-3

Description: Cross-Border Trade in Services

A person that supplies leasing, rental, maintenance, repair, sales, and disposal services related to construction machinery and equipment must establish an office in Korea.

3. Sector: Transportation Services - Automobile Maintenance, Repair, Sales, Disposal, and Inspection Services; Automobile License Plate Issuing Services

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Automobile Management Act* (Law No.16101, December 31, 2018), Articles 20, 44, 45 and 53

Enforcement Regulations of the Automobile Management Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 647, August 20, 2019), Articles 7, 8, 83, 87 and 111

Rules on the Enforcement of Comprehensive Inspection of Automobiles, Etc. (Ordinance of the Ministry of Land, Infrastructure and Transport No. 621, April 23, 2019), Article 16

Description: Cross-Border Trade in Services

A person that supplies automobile management services (which includes used car sales, maintenance, repair, and disposal services) must establish an office in Korea and obtain authorization from the head of the *si/gun/gu*

(municipal authorities), which is subject to an economic needs test, as appropriate.

A person that supplies automobile inspection services that is designated as a “designated repair facility” must establish an office in Korea.

A person that supplies license plate manufacturing, delivery, and seal services that is designated as a “license plate issuing agency” must establish an office in Korea.

4. Sector: Distribution Services - Wholesale and Retail Distribution of Tobacco and Liquor

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Tobacco Business Act* (Law No. 14839, July 26, 2017), Articles 12, 13, and 16

Enforcement Decree of the Tobacco Business Act (Presidential Decree No. 29015, July 3, 2018), Articles 4 and 5

Enforcement Regulations of the Tobacco Business Act (Ordinance of the Ministry of Economy and Finance No. 700, December 7, 2018), Articles 5, 7 and 7-3

Liquor Tax Act (Law No. 16125, December 31, 2018), Articles 8 through 10

Enforcement Decree of the Liquor Tax Act (Presidential Decree No. 29531, February 12, 2019), Article 9

Notice of National Tax Service, 2018-20(June 29, 2018) and 2019-11(April 1, 2019)

Description:

Cross-Border Trade in Services

A person that supplies tobacco wholesale (including importation) or retail distribution services must establish an office in Korea.

Only designated tobacco retailers may sell tobacco to retail buyers. The sale of tobacco to retail buyers by mail or in electronic commerce is prohibited.

The distance between places of business of tobacco retailers must be at least 50 meters.

A person that supplies liquor wholesale distribution services must establish an office in Korea and obtain authorization from the head of the relevant tax office, which is subject to an economic needs test.

The sale of liquor by telephone or in electronic commerce is prohibited.

5. Sector: Agriculture and Livestock

Obligations Concerned: National Treatment (Article 9.3)

Measures: *Foreign Investment Promotion Act* (Law No. 16479, August 20, 2019), Article 4

Enforcement Decree of the Foreign Investment Promotion Act (Presidential Decree No. 30170, October 29, 2019), Article 5

Regulations on Foreign Investment (Notice of the Ministry of Trade, Industry, and Energy, No. 2018-137, July 6, 2018), Attached Table 2

Description: Investment

Foreign persons shall not: (i) invest in an enterprise engaged in rice or barley farming; or (ii) hold 50 percent or more of the equity interest of an enterprise engaged in beef cattle farming.

6. Sector: Business Services - *An-gyung-sa* (Optician and Optometry) Services

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Medical Technicians, Etc. Act* (Law No. 15268, December 19, 2017), Article 12

Enforcement Regulations of the Medical Technicians, Etc. Act (Ordinance of the Ministry of Health and Welfare No. 672, September 27, 2019), Article 15

Description: Cross-Border Trade in Services

Only a natural person that is a licensed *an-gyung-sa* (optician or optometrist) that has established an office in Korea may engage in optician or optometry services.

An *an-gyung-sa* (optician or optometrist) shall not establish more than one office.

7. Sector: Wholesale and Retail Distribution Services

Obligations Concerned: Market Access (Article10.4)

Local Presence (Article10.5)

Measures: *Pharmaceutical Affairs Act* (Law No. 16250, January 15, 2019), Articles 42 and 45

Enforcement Decree of the Pharmaceutical Affairs Act (Presidential Decree No. 30170, October 29, 2019), Article 31-2

Decree on the Facility Standards for Manufacturer and Importer of Pharmaceuticals (Presidential Decree No. 24479, March 23, 2013), Article 6

Supply, Demand and Distribution of Oriental Medicinal Herbs Regulations (Notice of the Ministry of Health and Welfare No. 2015-210, December 9 , 2015), Articles 4 and 12

Medical Devices Act (Law No. 16402, April 23, 2019), Article 15

Enforcement Regulations of the Medical Devices Act (Ordinance of Prime Minister No. 1567, October 22, 2019), Article 29

Health Functional Foods Act (Law No.16295, January 15, 2019), Article 6

Enforcement Regulations of the Health Functional Foods Act (Ordinance of the Prime Minister No. 1560, July 31, 2019), Articles 2 and 5

Food Sanitation Act (Law No. 16431, April 30, 2019), Articles 36 and 37

Enforcement Decree of the Food Sanitation Act (Presidential Decree No. 29973, July 9, 2019), Articles 23 and 24

Enforcement Regulations of the Food Sanitation Act (Ordinance of the Prime Minister No. 1543, June 12, 2019), Article 36 (attached table 14)

Livestock Products Sanitary Control Act (Law No. 16434, April 30, 2019), Articles 21, 22 and 24

Enforcement Decree of the Livestock Products Sanitary Control Act (Presidential Decree No. 30157, October 22, 2019), Articles 21 and 22

Enforcement Regulations of the Livestock Products Sanitary Control Act (Ordinance of the Prime Minister No. 1561, September 4, 2019), Article 29(attached table 10)

Special Act on Imported Food Safety Management (Law No. 16401, April 23, 2019), Articles 14 and 15

Enforcement Decree of the Special Act on Imported Food Safety Management (Presidential Decree No. 29763, May 14, 2019), Article 2

Enforce Regulations of the Special Act on Imported Food Safe Management (Ordinance of the Prime Minister No. 1546, June 19, 2019), Article 15

Testing and Inspection of Food and Drugs Act (Law No. 15942, December 11, 2018), Article 6

Enforcement Regulations of the Testing and Inspection of Food and Drugs Act (Ordinance of the Prime Minister No. 1547, June 19, 2019), Article 2

Act on the Control of Narcotics (Law No. 15939, December 11, 2018), Articles 6 and 6-2

Cosmetics Act (Law No. 15947 December 11, 2018), Article 3

Enforcement Regulations of the Cosmetics Act

(Ordinance of the Prime Minister No.1566, October 15, 2019), Article 4

Description:

Cross-Border Trade in Services

A person that supplies wholesale trade services must establish an office in Korea in order to receive an import business license to supply such services with respect to:

- (a) pharmaceuticals and related items;
- (b) medical devices; or
- (c) health functional foods (including dietary supplements).

To supply the following services a person must establish an

office in Korea:

- (a) transportation, sales, and preservation (cold storage) of food and food additives;
- (b) food supply services;
- (c) food inspection services;
- (d) narcotic drug wholesale and retail distribution services; or
- (e) cosmetics (including functional cosmetics) supply services.

The Minister of Health and Welfare controls the supply and demand of the wholesale distribution of imported designated *han-yak-jae* (Asian medicinal herbs).

Certain liquor-selling bars and the wholesale and retail distribution of narcotics require authorization by the relevant authority.

8. Sector: Retail Distribution Services of Pharmaceuticals

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Pharmaceutical Affairs Act* (Law No. 16250, January 15, 2019), Articles 20 and 21

Enforcement Decree on the Pharmaceutical Affairs Act (Presidential Decree No. 30170, October 29, 2019), Article 22-2

Description: Cross-Border Trade in Services

A person that supplies pharmaceutical product retail distribution services (including distribution of *han-yak-jae* (Asian medicinal herbs) must establish a pharmacy in Korea.

That person shall not establish more than one pharmacy nor establish a pharmacy in the form of a corporation.

9. Sector: Transportation Services - Rail Transportation and Incidental Services

Obligations Concerned: National Treatment (Article 10.2)
Market Access (Article 10.4)

Measures: *Railroad Enterprise Act* (Law No. 13688, December 29, 2015), Articles 5, 6 and 12

Korea Railroad Corporation Act (Law No. 13692, December 29, 2015), Article 9

Railroad Construction Act (Law No. 13490, August 11, 2015), Article 8

Framework Act on Railroad Industry Development (Law No. 11690, March 23, 2013), Articles 3, 20, 26 and 38

Korea Rail Network Authority Act (Law No. 12995, January 6, 2015), Article 7

Description: Cross-Border Trade in Services

The existing regulation broadly states that only juridical persons that have obtained authorization from the Minister of Land, Infrastructure and Transport may supply railroad transportation

services. In practice, however, only juridical persons of Korean nationality (of which shares are 100 per cent owned by the shareholders with Korean nationality) established by a Korean national may supply railroad transportation services on railroad routes constructed on or before 30 June, 2005.

Only juridical persons that have obtained authorization from the Minister of Land, Infrastructure and Transport may supply railroad transportation services on railroad routes constructed on or after July 1, 2005. Such authorization is subject to an economic needs test.

Only the central or local level of government, or the Korea Rail Network Authority may supply rail construction services and maintain and repair government-owned rail facilities (including high-speed rail). However, juridical persons that meet the criteria in the *Private Investment in Social Infrastructure Act* may supply rail construction service.

10. Sector: Transportation Services - Passenger Road Transportation Services (not including Taxis and Scheduled Passenger Road Transportation Services)

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Passenger Transport Service Act* (Law No. 13485, August 11, 2015), Article 5

Enforcement Decree of the Passenger Transport Service Act (Presidential Decree No. 27109, April 26, 2016), Article 3

Enforcement Regulations of the Passenger Transport Service Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 304, April 21, 2016), Article 11

Tramway Transport Service Act (Law No. 13476, August 11, 2015), Article 4

Enforcement Regulations of the Tramway Transport Service Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 169, December 31, 2014),

Article 3

Description:

Cross-Border Trade in Services

A person that supplies passenger road transportation services, not including taxis and scheduled passenger road transportation services, must establish an office in the *dang-hae-ji-yeok* (relevant geographic area) in Korea.

11. Sector: Transportation Services - International Maritime Cargo
Transportation and Maritime Auxiliary Services

Obligations Concerned: National Treatment (Article 10.2)

Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Maritime Transportation Act* (Law No. 14748, March 21, 2017), Articles 24 and 33

Enforcement Regulations of the Maritime Transportation Act (Ordinance of the Ministry of Maritime Affairs and Fisheries No. 217, January 2, 2017), Articles 16, 19, and 22

Pilotage Act (Law No. 13265, March 27, 2015), Article 6

Ship Investment Company Act (Law No. 13453, July 31, 2015), Articles 3 and 31

Description: Cross-Border Trade in Services

A person that supplies international maritime cargo transportation services must be organized as a *Chusik Hoesa* (stock company) in Korea.

A ship investment company must also be organized as a *Chusik Hoesa* (stock company) in Korea.

A person that engages in shipping brokerage services, maritime agency services, vessel maintenance services and

vessel management services must be the company as stipulated under the Korean Commercial Act and registered in accordance with the Maritime Transportation Act.

Only a Korean national may supply maritime pilotage services.

12. Sector: Transportation Services - Air Transportation Services

Obligations Concerned: National Treatment (Article 9.3)

Senior Management and Boards of Directors (Article 9.10)

Measures: *Aviation Act* (Law No. 14114, March 29, 2016), Articles 3, 6, 112, 113, 114, 132 and 135

Enforcement Regulations of the Aviation Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 308, May 11, 2016), Articles 14-2, 278, 278-3, 296-2, 298 and 299

Description: Investment

The following persons shall not supply scheduled or non-scheduled domestic air transportation services or supply international air transportation services as Korean air carriers:

- (a) a foreign national;
- (b) a foreign government or a foreign *gong-gong-dan-che* (organization for public purposes);

- (c) an enterprise organized under foreign law;

- (d) an enterprise in which any of the persons referred to in subparagraphs (a) through (c) owns 50 percent or more of the equity interest, or has control; or

- (e) an enterprise organized under Korean law whose *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) is a foreign national or half or more of whose senior management are foreign nationals.

A person that owns an aircraft or is authorized to operate a chartered aircraft must register the aircraft with the Minister of Land, Infrastructure and Transport. The persons listed in subparagraphs (a) through (e) are not allowed to register an aircraft.

13. Sector:	Transportation Services - Aircraft-Use Services
Obligations Concerned:	National Treatment (Articles 9.3) Senior Management and Board of Directors (Article 9.10)
Measures:	<i>Aviation Act</i> (Law No. 14114, March 29, 2016), Articles 3, 6 and 134 <i>Enforcement Regulations of the Aviation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 308, May 11, 2016), Articles 15-2, 298 and 299-2
Description:	<u>Investment</u> A person that supplies aircraft- <i>sa-yong</i> (use) services must register its self-owned or chartered aircraft with the Minister of Land, Infrastructure and Transport- The following persons shall not register an aircraft: (a) a foreign national; (b) a foreign government or a foreign <i>gong-gong-dan-che</i> (organization for public purposes);

- (c) an enterprise organized under foreign law;

- (d) an enterprise in which any of those referred to in subparagraphs (a) through (c) owns 50 percent or more of the equity interest, or has control; or

- (e) an enterprise organized under Korean law whose *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) is a foreign national or half or more of whose senior management are foreign nationals.

For the purposes of this entry, aircraft-*sa-yong* (use) services are services using an aircraft, and supplied upon request, for hire, other than for passenger or freight transportation, including but not restricted to aerial fire-fighting, forestry fire management, aerial advertising, flight training, aerial mapping, aerial investigation, aerial spraying, aerial photographing and other aerial agricultural activities, aerial inspections, glider towing, parachute jumping, aerial construction, heli-logging and observations.

14. Sector: Transportation Services - Road Transportation Support Services

Obligations Concerned: Market Access (Article 10.4)
Local Presence (Article 10.5)

Measures: *Passenger Transport Service Act* (Law No. 15781, September 18, 2018), Articles 36 and 37

Enforcement Regulations of the Passenger Transport Service Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 653, October 1, 2019), Article 73

Road Traffic Act (Law No.16037, December 24, 2018), Article 36

Enforcement Decree of the Road Traffic Act (Presidential Decree No. 29720, April 30, 2019), Article 17

Description: Cross-Border Trade in Services

A person that supplies bus terminal operation services, or car towing and storage services must establish a place of business in the relevant geographic area in Korea and

obtain an authorization from the Minister of Land, Infrastructure and Transport, head of local police, or head of *shi/gun*, as appropriate, which is subject to an economic needs test.

15. Sector: Courier Services

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Aviation Act* (Law No. 14114, March 29, 2016), Article 139

Enforcement Regulations of the Aviation Act (Ordinance of the Ministry of Construction and Transportation No. 532, August 18, 2006), Article 306

Trucking Transport Business Act (Law No. 13812, January 19, 2016), Articles 3, 24 and 29

Enforcement Regulations of Trucking Transportation Business Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 630, June 28, 2019), Articles 6, 34 and 41-2

Description: Cross-Border Trade in Services

To supply international courier services that include commercial document delivery services, as specified in Article 3 of the *Enforcement Decree of the Postal Services Act*, a person must establish an office in Korea.

In order to obtain a trucking business license from the Minister of Land, Infrastructure and Transport, a domestic courier services supplier must establish an office in the relevant geographic area. Such a license is subject to an economic needs test.

For greater certainty, a person acquiring a domestic courier services supplier does not need to obtain a new trucking business license provided that the acquirer operates under the same terms and conditions as set out in the acquiree's license.

16. Sector: Telecommunications Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)

Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Telecommunications Business Act* (Law No. 13823, January 27, 2016), Articles 6, 7, 8, 21 and 87

Telecommunications Business Act (Law No. 5385, August 28, 1997), Addenda Article 4

Radio Waves Act (Law No.16019, December 24, 2018), Articles 13 and 20

Description: Cross-Border Trade in Services and Investment

A license for facilities-based public telecommunications services or a registration for non-facilities-based public telecommunications services shall be granted only to a juridical person organized under Korean law.

A license for facilities-based public telecommunications services shall not be granted to or held by a juridical person organized under Korean law in which a foreign government,

foreign person, or deemed foreign person holds in the aggregate more than 49 percent of the juridical person's total voting shares.

A foreign government, foreign person, or deemed foreign person may not in the aggregate hold more than 49 percent of the total voting shares of a facilities-based supplier of public telecommunications services. In addition, with respect to KT Corporation (KT), a foreign government, foreign person, or deemed foreign person may not be the largest shareholder of KT, except if it holds less than five percent of the total voting shares of KT.

A foreign government, or its representative, or a foreign person may not obtain or hold a radio station license.

A foreign person may not supply cross-border public telecommunications services into Korea, except through a commercial arrangement with a supplier of public telecommunications services that is licensed in Korea.

For the purposes of this entry:

- (a) **deemed foreign person** means a juridical person organized under Korean law in which a foreign government or a foreign

person (including a “specially related person” under item (a) of subparagraph 6 of Article 2 of the *Act on Corporate Governance of Financial Companies*) is the largest shareholder and holds 15 percent or more of that juridical person’s total voting shares, but does not include a juridical person that holds less than 1 percent of the total voting shares of a facilities-based supplier of public telecommunications services;

(b) consistent with Article 5.2 of the *Telecommunications Business Act* (Law No. 14113, March 29, 2016), a facilities-based supplier is a supplier that owns transmission facilities;

(c) consistent with Article 5.3 of the *Telecommunications Business Act* (Law No.14113, March 29, 2016), a non-facilities-based supplier is a supplier that does not own transmission facilities (but may own a switch, router or multiplexer) and supplies its public telecommunication services through transmission facilities of a licensed facilities-based supplier; and

(d) consistent with subparagraph 3 of Article 2

of the *Telecommunications Basic Act* (Law No. 13586, December 22, 2015), **transmission facilities** means wireline or wireless transmission facilities (including circuit facilities) that connect transmitting points with receiving points.

17. Sector: Real Estate Brokerage and Appraisal Services

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Licensed Real Estate Agents Act* (Law No.15724, August 14, 2018), Article 9

Enforcement Decree of the Act on Licensed Real Estate Agents Act (Presidential Decree No.27793, January 17, 2017), Article 13

Enforcement Regulations of the Act on Licensed Real Estate Agents Act (Ordinance of the Ministry of Land, Infrastructure and Transport No.570, December 31, 2018), Article 4

Act on the Public Announcement of Values and Appraisal of Real Estate (Law No. 12018, August 6, 2013), Article 27

Enforcement Decree of the Act on Public Announcement of Values and Appraisal of Real Estate (Presidential Decree No. 26632, November 11, 2015), Articles 65, 66, and 68

Enforcement Regulations of the Act on Public Announcement of Values and Appraisal of Real Estate

(Ordinance of the Ministry of Land, Infrastructure and Transport No. 303, April 21, 2016), Articles 25 and 26

Description:

Cross-Border Trade in Services

A person that supplies real estate brokerage services or real estate appraisal services must establish an office in Korea.

18. Sector: Retail, Leasing, Rental and Repair Services Related to Medical Devices

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Medical Devices Act* (Law No. 13698, December 29, 2015), Articles 16 and 17

Enforcement Regulations of the Medical Devices Act (Ordinance of the Prime Minister No.1567, October 22, 2019), Articles 35 and 37

Description: Cross-Border Trade in Services

A person that supplies retail, leasing, rental or repair services related to medical devices must establish an office in Korea.

19. Sector: Rental Services - Automobiles

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Passenger Transport Service Act* (Law No.15781, September 18, 2018), Articles 28 and 29

Enforcement Regulations of the Passenger Transport Service Act (Ordinance of the Ministry of Land, Infrastructure and Transport No.653, October 1, 2019), Articles 60, 61, 62 and 64

Description: Cross-Border Trade in Services

A person that supplies automobile rental services must establish an office in Korea.

20. Sector: Scientific Research Services and Sea Map Making Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)

Measures: *Marine Scientific Research Act* (Law No. 14605, March 21, 2017), Articles 6, 7, and 8

Territorial Sea and Contiguous Zone Act (Law No.15429, March 13, 2018), Article 5

Description: Cross-Border Trade in Services and Investment

A foreign person, a foreign government, or a Korean enterprise owned or controlled by a foreign person that intends to conduct marine scientific research (including joint research with a Korean national or a Korean enterprise) in the territorial waters or exclusive economic zone of Korea must obtain prior authorization or consent from the Minister of Oceans and Fisheries whereas a Korean national or a Korean enterprise not owned or controlled by a foreign person need only to provide notification to the Minister of Oceans and Fisheries.

21. Sector:

Professional Services - Legal Services

Obligations Concerned:

Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures:

Attorney-at-law Act (Law No. 15974, December 18, 2018),
Articles 4, 7, 21, 21-2, 34, 45, 58-6 and 58-22

Certified Judicial Scriveners Act (Law No.15151,
December 12, 2017), Articles 2, 3 and 14

Notary Public Act (Law No.15150, December 12, 2017),
Articles 10, 16 and 17

Description:

Cross-Border Trade in Services

Only a *byeon-ho-sa* (Korean-licensed lawyer) registered with the Korean Bar Association may supply legal services.

Only a *byeon-ho-sa* (Korean-licensed lawyer) may establish the following types of legal entity: *beop-yool-sa-mu-so* (law office), *beop-mu-beop-in* (law company with the characteristics of partnership), *beop-mu-beop-in (yoo-han)* (limited liability law company), or *beop-mu-jo-hap* (limited liability partnership law office). For greater certainty, a person that is not a Korean -licensed lawyer is not permitted to invest in any of these types of legal entity.

A *byeon-ho-sa* (Korean-licensed lawyer) or *beop-mu-sa* (Korean-certified judicial scrivener) who practices in Korea must establish an office in the jurisdiction of the district court in which he or she practices. A *gong-jeung-in* (Korean notary public) must establish an office in the jurisdiction of the district office of the public prosecutor in which he or she practices.

This entry is subject to the commitments undertaken in the entry for Legal Services – Foreign Legal Consultants in the Schedule to Annex II.

22. Sector: Professional Services - Labor Affairs Consulting Services

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Certified Labor Affairs Consultant Act* (Law No.15847, October 16, 2018), Articles 5, 6, 7-2, 7-3 and 7-4

Enforcement Decree of the Certified Labor Affairs Consultant Act (Presidential Decree No.29950, July 2, 2019), Articles 15 and 19-2

Enforcement Regulations of the Certified Labor Affairs Consultant Act (Ordinance of the Ministry of Employment and Labor No.185, April 19, 2017), Articles 6 and 10-2

Description: Cross-Border Trade in Services

Only a *gong-in-no-mu-sa* (Korean-licensed labor affairs consultant) registered under the *Certified Labor Affairs Consultant Act* may supply labor affairs consulting services.

A person that supplies labor affairs consulting services must establish an office in Korea.

For greater certainty, an enterprise that supplies labor affairs consulting services must consist of at least two *gong-in-no-mu-sa* (Korean-licensed labor affairs consultant) (including the natural person who is the founder) and must obtain authorization from the Minister of Employment and Labor.

23. Sector: Professional Services - Patent Attorney (*byeon-ri-sa*)

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Patent Attorney Act* (Law No. 15022, October 31, 2017),
Articles 3, 5, 6-2, and 6-3

Description: Cross-Border Trade in Services

Only a *byeon-ri-sa* (Korean-licensed patent attorney) who is registered with the Korean Intellectual Property Office may supply patent attorney services.

Only a *byeon-ri-sa* (Korean-licensed patent attorney) may establish a *gae-in-sa-mu-so* (sole proprietorship) or a *teuk-heo-beop-in* (patent law firm). For greater certainty, a person that is not a Korean-licensed patent attorney shall not invest in either of these types of legal entity.

A *byeon-ri-sa* (Korean-licensed patent attorney) may establish only one office.

24. Sector: Professional Services - Accounting and Auditing Services

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Certified Public Accountant Act* (Law No. 16181, December 31, 2018), Articles 2, 7, 12 and 23

External Audit of Stock Companies Act (Law No. 15514, March 20, 2018), Article 3

Description: Cross-Border Trade in Services

Only a *gae-in-sa-mu-so* (sole proprietorships), *gam-sa-ban* (auditing task forces) or *hoe-gye-boep-in* (accounting corporation limited liability company) established in Korea by *gong-in-hoe-gye-sa* (Korean-certified public accountants) registered under the *Certified Public Accountant Act* may supply accounting and auditing services. For greater certainty, a person that is not a Korean-registered certified public accountant shall not invest in any of these types of legal entity.

Only *gong-in-hoe-gye-sa* (Korean-certified public accountants) in an auditing task force or an accounting

corporation may supply auditing services regulated under the *External Audit of Stock Companies Act*.

This entry is subject to the commitments undertaken in the entry for Professional Services – Foreign Certified Public Accountant in the Schedule of Korea, Annex II.

25. Sector: Professional Services - Tax Accountant (*se-mu-sa*)

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Certified Tax Accountant Act* (Law No. 16103, December 31, 2018), Articles 6, 13, 16-3, and 20

Corporate Tax Act (Law No. 16096, December 31, 2018), Article 60

Income Tax Act (Law No. 16104, December 31, 2018), Article 70

Guidelines Governing the Work of Tax Agents (Order of the National Tax Service No. 2307, July 1, 2019), Articles 20 and 22

Description: Cross-Border Trade in Services

Only a *se-mu-sa-mu-so* (sole proprietorships), *se-mu-jo-jeong-ban* (tax reconciliation task forces) or *se-mu-beop-in* (tax agency corporation limited liability company) established in Korea by *se-mu-sa* (Korean-certified tax accountants) registered under the *Certified Tax Accountant*

Act may supply *se-mu-sa* (Korean-certified tax accountants) services, including tax reconciliation services and tax representative services. For greater certainty, a person that is not a Korean-registered certified tax accountant shall not invest in any of these types of legal entity.

Only a *se-mu-jo-jeong-ban* (tax reconciliation task forces) or *se-mu-beop-in* (tax agency corporation limited liability company) may supply may supply tax reconciliation services.

This entry is subject to the commitments undertaken in the entry for Professional Services – Foreign Certified Public Accountant in the Schedule of Korea, Annex II.

26. Sector: Professional Services - Customs Clearance Services

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Licensed Customs Broker Act* (Law No. 16094, December 31, 2018), Articles 3, 7, 9, 10, 12, 17-2, 17-4, 17-8, 17-13, 19 and 25

Description: Cross-Border Trade in Services

Only a *gwan-se-sa* (customs broker) licensed under the *Customs Brokers Act*, a corporation incorporated by such customs brokers, or a corporation licensed to engage in the customs-clearance brokerage business under the *Customs Broker Act* may supply customs-clearance services.

A person that supplies customs-clearance services must establish an office in Korea.

27. Sector: Engineering and Other Technical Services - Industrial Safety, Health Institution, and Consulting Services

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Industrial Safety and Health Act* (Law No. 15588, April 17, 2018), Articles 15, 16 and 52-4

Enforcement Decree of the Industrial Safety and Health Act (Presidential Decree No. 29950, July 2, 2019), Articles 15-2, 15-3, 19-2 and 19-3

Enforcement Regulations of the Industrial Safety and Health Act (Ordinance of the Ministry of Employment and Labor No. 250, April 19, 2019), Articles 17, 18, 20, 21 and 136-8

Description: Cross-Border Trade in Services

A person that supplies safety and health management or diagnostic services to industrial workplaces must establish an office in Korea.

A person that supplies industrial safety or hygiene consulting services, such as evaluation and instruction on

safety in a work process and evaluation and instruction on the improvement of work environments, must establish an office in Korea.

28. Sector: Engineering and Other Technical Services - Architectural Services, Engineering Services, Integrated Engineering Services, Urban Planning and Landscape Architectural Services

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Certified Architects Act* (Law No. 16415, April 30, 2019),
Article 23

Enforcement Decree of the Certified Architects Act
(Presidential Decree No. 30075, September 10, 2019),
Articles 22 and 23

Enforcement Regulations of the Certified Architects Act
(Ordinance of the Ministry of Land, Infrastructure and Transport
No. 388, January 17, 2017), Article 13

Engineering Industry Promotion Act (Law No. 13852, January
27, 2016), Article 21

Enforcement Decree of the Engineering Industry Promotion Act
(Presidential Decree No. 29677, April 2, 2019), Article 33

Professional Engineers Act (Law No. 15240, December 19,
2017), Article 6

Special Act on the Safety Control of Public Structures (Law No. 15733, August 14, 2018), Article 9

Enforcement Decree of the Special Act on the Safety Control of Public Structures (Presidential Decree No. 29617, March 12, 2019), Article 11

Construction Technology Promotion Act (Law No.16414, April 30, 2019), Article 26

Enforcement Decree of the Construction Technology Promotion Act (Presidential Decree No. 29918, June 25, 2019), Article 44

Enforcement Regulations of the Construction Technology Promotion Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 632, July 1, 2019), Article 21

Environmental Testing and Inspection Act (Law No.15200, December 12, 2017), Article 16

Framework Act on the Construction Industry (Law No.16136, December 31, 2018), Article 9

Enforcement Decree of the Framework Act on the Construction

Industry (Law No.29877, June 18, 2019), Article 9

Act on the Establishment, Management, Etc. of Spatial Data
(Law No. 13426, July 24, 2015), Article 44

*Enforcement Decree of the Act on the Establishment,
Management, Etc. of Spatial Data* (Presidential Decree No.
29617, March 12, 2019), Articles 34, 35, 36, 45, 46, and 47

Hot Spring Act (Law No.14795, April 18, 2017), Article 7

Fire Fighting System Installation Business Act (Law
No.15366, February 9, 2018), Article 4

Description:

Cross-Border Trade in Services

A person that supplies architectural services, engineering services, integrated engineering services, urban planning and landscape architectural services, or surveying and map-making services (not including cadastral surveying and cadastral map-making services) must establish an office in Korea.

For greater certainty, this entry shall not apply to the supply of services by a foreign architect through a joint contract with a Korean-licensed architect.

29. Sector: Business Services - Electronic Billboard Operator Services and Outdoor Advertisement Services

Obligations Concerned: Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)
Local Presence (Article 10.5)

Measures: *Broadcasting Act* (Law No. 16014, December 24, 2018), Articles 13 and 73

Act on the Management of Outdoor Advertisements, Etc. and Promotion of Outdoor Advertisements Industry (Law No. 14839, July 26, 2017), Article 11

Enforcement Decree of the Act on the Management of Outdoor Advertisements, Etc. and Promotion of Outdoor Advertisements Industry (Presidential Decree No. 29895, June 25, 2019), Articles 14 and 44

Description: Cross-Border Trade in Services and Investment

A foreign national or a Korean national who serves as a *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) of a foreign

enterprise shall not serve as the *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) or chief programmer of an enterprise that supplies electronic billboard operator services.

At least 20 percent of the electronic billboard programs must be non-commercial public advertisements provided by the central or local government.

A person that supplies outdoor advertising services must establish an office in Korea.

30. Sector: Business Services - Job Placement Services, Labor Supply and Worker Dispatch Services, and Education Services for Seafarers

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Market Access (Article 10.4)
Local Presence (Article 105)

Measures: *Employment Security Act* (Law No. 16413, April 30, 2019),
Articles 19 and 33

Enforcement Decree of the Employment Security Act
(Presidential Decree No. 29950, July 2, 2019), Articles 21
and 33

Enforcement Regulations of the Employment Security Act
(Ordinance of the Ministry of Employment and Labor No.
263, October 15, 2019), Articles 17, 18 and 36

Act on the Protection, ETC, of Temporary Agency Workers
(Law No. 14790, April 18, 2017), Articles 5, 7, 8, 9 and 10

Enforcement Decree of the Act on the Protection, ETC, of

Temporary Agency Workers (Presidential Decree No.30177, October 29, 2019), Articles 2 and 3

Enforcement Regulations of the Act on the Protection, ETC, of Temporary Agency Workers (Ordinance of the Ministry of Employment and Labor No. 234, December 27, 2018), Articles 3 and 5

Special Act on Designation and Management of Free Economic Zones (Law No. 15309, December 26, 2017), Article 17

Seafarers Act (Law No. 14508, December 27, 2016), Articles 109, 110, 112, 115, 116, 117, 142, and 143

Korea Institute of Maritime and Fisheries Technology Act (Law No. 13272, March 27, 2015), Article 5

Description:

Cross-Border Trade in Services and Investment

A person that supplies job placement services for a fee, worker supply services, or worker dispatch (secondment) services must establish an office in Korea.

For transparency purposes, as of February 28, 2019 the types of business to which workers may be seconded are limited to the 32 businesses set forth in the Presidential Decree, but the Minister of Employment and Labor can expand the types of business and the secondment period, pursuant to the review and determination by the Committee of the Free Economic Zone.

Only the Korea Seafarers Welfare and Employment Center, regional offices of the Minister of Oceans and Fisheries, a seafarer management business operator, and an organization or institution related to maritime affairs and fisheries regulated under Seafarer Act may supply seafaring labor supply services.

A person that provides seafarer management services must be the company as stipulated under the Korean Commercial Act and register in accordance with the Maritime Transportation Act.

Only the Korea Institute of Maritime and Fisheries Technology may provide education and training for seafarers

31. Sector: Security Services

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Security Services Industry Act* (Law No. 16316, April 16, 2019), Articles 3 and 4

Enforcement Decree of the Security Services Industry Act (Presidential Decree No. 29611, March 12, 2019), Articles 3 and 4

Enforcement Regulations of the Security Services Industry Act (Ordinance of the Ministry of the Interior and safety, No. 112, April 23, 2019), Article 3

Description: Cross-Border Trade in Services

Only a juridical person organized under Korean law may supply security services in Korea.

For transparency purposes, only five types of security services are permitted in Korea:

- (a) *shi-seol-gyung-bee* (facility security);
- (b) *ho-song-gyung-bee* (escort security);
- (c) *shin-byun-bo-ho* (personal security);
- (d) *gee-gye-gyung-bee* (mechanized security); and
- (e) *teuk-soo-gyung-bee* (special security).

32. Sector: Distribution Services Related to Publications

Obligations Concerned: National Treatment (Article 10.2)

Measures: *Publishing Industry Promotion Act* (Law No.16065, December 24, 2018), Articles 18, 19 and 19-3

Enforcement Decree of the Publishing Cultural Industry Promotion Act (Presidential Decree No.29950, July 2, 2019), Article 12

Enforcement Regulations of the Publishing Cultural Industry Promotion Act (Ordinance of the Ministry of Culture, Sports and Tourism No.358, June 25, 2019), Article 7

Description: Cross-Border Trade in Services

Publications for the purpose of domestic distribution are subject to a review process on an *ad hoc* basis.

33. Sector: Transportation Services - Aircraft Maintenance and Repair Services

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Aviation Act* (Law No. 13810, January 19, 2016), Articles 137, 137-2 and 138

Enforcement Regulations of the Aviation Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 308, May 11, 2016), Articles 16, 304 and 305

Description: Cross-Border Trade in Services

A person that supplies aircraft maintenance and repair services must establish an office in Korea⁷⁸.

⁷⁸ For greater certainty, an establishment of office in Korea is not required to supply maintenance and repair services for a Korean aircraft in the territory of the other Party.

34. Sector: Education Services - Higher Education

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)

Market Access (Article 10.4)

Senior Management and Boards of Directors (Article 9.10)

Measures: *Higher Education Act* (Law No.16330, April 23, 2019),
Articles 3, 4, 32, 42, and 43

Enforcement Decree of the Higher Education Act
(Presidential Decree No.30131, October 22, 2019), Article
28

Private School Act (Law No.16310, April 16, 2019),
Articles 3, 5, 10, and 21

Enforcement Decree of the Private School Act (Presidential
Decree No.30108, October 8, 2019), Article 9-3

*Decree for the Establishment of the Korea National Open
University* (Presidential Decree No.24423, March 23,2013),
Articles 1 and 2

Description: Cross Border Trade in Services and Investment

50 percent or more of the members of the board of directors of a private higher education institution must be Korean nationals. If a foreign person contributes 50 percent or more of the basic property of a higher education institution, only less than two-thirds of the members of the board of directors of such an institution may be foreign nationals.

For the purposes of this entry, “basic property of higher education institution” means real estate, property designated as basic property by the articles of association, property incorporated into the basic property according to decisions of the board of directors, and an annual budgetary surplus reserve of the institution.

Only non-profit school juridical persons approved by the Minister of Education may establish higher education institutions (other than the types of institutions listed in the Schedule of Korea to Annex II) in Korea.

The Minister of Education may restrict the total number of students per year in the fields of medicine, pharmacology, veterinary medicine, traditional Asian medicine, medical technicians, and higher education for pre-primary, primary, and secondary teachers, and higher education institution located in the Seoul Metropolitan Area.

For the purposes of this entry, “Seoul Metropolitan Area”

includes the Seoul Metropolitan City, Incheon Metropolitan City and Gyeonggi Province.

Only the central or local governments of Korea may establish higher education institutions for training of primary school teachers. Only the central government may establish higher education institutions that supply higher education services to the public through broadcasting.

35. Sector: Education Services - Vocational Competency Development
Training Services

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Workers' Vocational Competency Development Act* (Law No.16413, April 30, 2019), Articles 28, 32 and 36

Enforcement Decree of the Workers' Vocational Competency Development Act (Presidential Decree No.29972, July 9, 2019), Articles 24 and 26

Enforcement Regulations of the Workers' Vocational Competency Development Act (Ordinance of the Ministry of Employment and Labor No.252, April 23, 2019), Articles 12, 14 and 18

Description: Cross-Border Trade in Services

A person that supplies vocational competency development training services must establish an office in Korea.

36. Sector: Veterinary Services

Obligations Concerned: Market Access (Article 10.4)

Local Presence (Article 10.5)

Measures: *Veterinary Affairs Act* (Law No. 16546, August 27, 2019),
Articles 4, 17, 22-2, 22-4 and 22-5

Aquatic Life Disease Control Act (Law No.16209, January
8, 2019), Article 37-2 and 37-12

Civil Act (Law No.14965, October 31, 2017), Article 32

Description: Cross-Border Trade in Services

Only a person that is a licensed *soo-eui-sa* (veterinarian) that has established an office in Korea, including *dong-mul-jin-ryo-bub-in* (animal hospital legal entity) and *bee-young-ri-bub-in* (non-profit legal entity), may engage in veterinary or aquatic animal disease inspection services.

Only a person that is a licensed *soo-san-jil-beung-gaun-ri-sa* (aquatic life disease inspector) that has established an office in Korea, including *soo-san-saeng-mul-jin-ryo-bub-in* (aquatic life

hospital legal entity) and *bee-young-ri-bub-in* (non-profit legal entity), may engage in aquatic life disease inspection services.

37. Sector: Environmental Services - Waste Water Treatment Services, Waste Management Services, Air Pollution Treatment Services, Environmental Preventive Facilities Business, Environmental Impact Assessment, Soil Remediation and Groundwater Purification Services, and Toxic Chemical Control Services

Obligations Concerned: Local Presence (Article 10.5)

Measures: *Water Environment Conservation Act* (Law No. 15832, October 16, 2018), Article 62

Wastes Control Act (Law No. 16318, April 16, 2019), Article 25

Enforcement Decree of the Wastes Control Act (Presidential Decree No. 30173, October 29, 2019), Article 8

Clean Air Conservation Act (Law No. 16266, January 15, 2019), Article 68

Environmental Technology and Industry Support Act (Law No. 15845, October 16, 2018), Article 15

Environmental Impact Assessment Act (Law No. 15662, June 12, 2018), Article 54

Soil Environment Conservation Act (Law No. 15102, November 28, 2017), Article 23-7

Groundwater Act (Law No. 15624, June 8, 2018), Article 29-2

Chemicals Control Act (Law No. 16084, December 24, 2018), Article 28

Description:

Cross-Border Trade in Services

A person that supplies the environmental services listed in the Sector heading must establish an office in Korea.

38. Sector: Performance Services

Obligations Concerned: National Treatment (Article 10.2)

Measures: *Public Performance Act* (Law No. 16048, December 24, 2018), Articles 6 and 7

Enforcement Decree of the Public Performance Act (Presidential Decree No. 29950, July 2, 2019), Articles 4 and 6

Enforcement Regulations of the Public Performance Act (Ordinance of the Ministry of Culture, Sports and Tourism No. 371, October 7, 2019), Article 4

Enforcement Regulations of the Immigration Control Act (Ordinance of the Ministry of Justice No. 952, June 11, 2019), Table 5

Description: Cross-Border Trade in Services

A foreign person who intends to engage in a public performance in Korea, or a person who intends to invite a foreign person to engage in a public performance in Korea

must obtain a recommendation from the Korea Media Rating Board.

39. Sector: News Agency (*News-tong-sin-sa*) Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Senior Management and Boards of Directors (Article 9.10)
Market Access (Article 10.4)
Local Presence (Article 10.5)

Measures: *Act on the Promotion of News Communication* (Law No. 16052, December 24, 2018), Articles 7, 8, 9, 9-5, 16 and 28

Enforcement Decree of the Act on the Promotion of News Communications (Presidential Decree No. 30059, August 27, 2019), Articles 4 and 10

Radio Waves Act (Law No. 16019, December 24, 2018), Article 20

Description: Cross-Border Trade in Services and Investment

A *news-tong-sin-sa* (news agency) organized under foreign law may supply *news-tong-sin* (news communications) in Korea only under a contract with a news agency organized under Korean law which has a radio station license, such as Yonhap News.

The following persons shall not supply news agency services in Korea:

- (a) a foreign government;
- (b) a foreign person;
- (c) an enterprise organized under Korean law whose *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) is not a Korean national or is a person not domiciled in Korea; or
- (d) an enterprise organized under Korean law in which a foreign person holds 25 percent or more equity interest.

The following persons shall not serve as a *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) or editor of a news agency, or serve as *im-won* (a member of the board of directors) of Yonhap News or the News Agency Promotion Committee:

- (a) a foreign national; or

- (b) a Korean national not domiciled in Korea.

A foreign news agency may establish a branch or office in Korea for the sole purpose of collecting news. For greater certainty, such branch or office shall not distribute *news-tong-sin* (news communications) in Korea.

The following persons shall not obtain a radio station license:

- (a) a foreign national;
- (b) a foreign government or its representative;
or
- (c) an enterprise organized under foreign law.

40. Sector: Manufacturing of Biological Products

Obligations Concerned: Performance Requirements (Article 9.9)

Measures: *Pharmaceutical Affairs Act* (Law No. 16250, January 15, 2019), Article 42

Regulations on Safety of Pharmaceuticals, Etc. (Ordinance of the Prime Minister No. 1544, June 12, 2019), Article 11

Description: Investment

A person who manufactures blood products must procure raw blood materials from a blood management body in Korea.

41. Sector:	Publishing of Periodicals (Excluding Newspapers)
Obligations Concerned:	<p>National Treatment (Articles 9.3 and 10.2)</p> <p>Senior Management and Boards of Directors (Article 9.10)</p> <p>Market Access (Article 10.4)</p> <p>Local Presence (Article 10.5)</p>
Measures:	<p><i>Act on the Promotion of Periodicals including Magazines</i>, (Law No. 15822, October 16, 2018), Articles 20 and 29</p> <p><i>Enforcement Decree of Act on the Promotion of Periodicals including Magazines</i>, (Presidential Decree No. 30058, August 27, 2019), Articles 17, 18, 19, and 20</p>
Description:	<p style="text-align: center;"><u>Cross-Border Trade in Services and Investment</u></p> <p>The publisher or the editor-in-chief of an enterprise that publishes periodicals must be a Korean national.</p> <p>The following persons shall not publish periodicals in Korea:</p> <ul style="list-style-type: none"> (a) a foreign government or a foreign person; (b) an enterprise organized under Korean law

whose *dae-pyo-ja* (for example, a chief executive officer, president, or similar principal senior officer) is not a Korean national; or

- (c) an enterprise organized under Korean law in which a foreign person holds more than 50 percent of share or equity interest.

A foreign person that publishes periodicals may establish a branch or office in Korea subject to authorization from the Minister of Culture, Sports and Tourism. Such branch or office may print and distribute its periodicals in Korea in the original language, provided that such periodicals are edited in the territory of the other Party.

42. Sector:	Distribution Services - Agriculture and Livestock
Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Market Access (Article 10.4)
Measures:	<i>Grain Management Act</i> (Law No. 14653, March 21, 2017), Article 12 <i>Livestock Industry Act</i> (Law No 16550, August 27, 2019), Articles 30 and 34 <i>Seed Industry Act</i> (Law No. 14483, December 27, 2016), Article 42 <i>Feed Management Act</i> (Law No. 16123, December 31 2018), Article 6 <i>Ginseng Industry Act</i> (Law No. 16101, December 31, 2018), Article 20 <i>Foreign Investment Promotion Act</i> (Law No.16479, August 20, 2019), Article 4 <i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 30170, October 29, 2019),

Article 5

Regulations on Foreign Investment (Notice of the Ministry of Trade, Industry, and Energy, No. 2018-137, July 6, 2018), Attached Table 2

Act on Distribution and Price Stabilization of Agricultural and Fishery Products (Law No. 16118, December 31, 2018), Articles 15, 17, and 43

Notice on TRQ Products (Ministry of Agriculture, Food and Rural Affairs Notice No. 2018-105, December 24, 2018), Articles 14 and 20-2

Description:

Cross-Border Trade in Services and Investment

A foreign person shall not hold 50 percent or more of the shares or equity interest of an enterprise engaged in *yook-ryu* (meat) wholesaling.

Only the Livestock Cooperatives under the Agriculture Cooperative Act may establish and manage a *ga-chook-sijang* (livestock market) in Korea.

Only a local government may establish a *gong-yeong-domae-sijang* (public wholesale market).

Only producers' organizations or public interest corporations prescribed in the *Enforcement Decree of the Act on Distribution and Price Stabilization of Agricultural and Fishery Products* may establish a *gong-pan-jang* (joint wholesale market).

For greater certainty, Articles 10.2 (National Treatment) and 10.4 (Market Access) do not prevent Korea from adopting or maintaining any measures with respect to the administration of WTO Tariff-Rate-Quota.

43. Sector: Energy Industry - Electric Power Generation Other Than Nuclear Power Generation; Electric Power Transmission, Distribution and Sales

Obligations Concerned: National Treatment (Article 9.3)⁷⁹

Measures: *Financial Investment Services and Capital Markets Act* (Law No. 16191, December 31, 2018), Article 168

Enforcement Decree of Financial Investment Services and Capital Markets Act (Presidential Decree No. 30118, October 8, 2019), Article 187

Foreign Investment Promotion Act (Law No. 16479, August 20, 2019), Articles 4 and 5

Enforcement Decree of the Foreign Investment Promotion Act (Presidential Decree No. 30170, October 29, 2019), Article 5

Regulations on Foreign Investment (Notice of the Ministry of Trade, Industry and Energy, No. 2018-137, July 6, 2018), Attached Table 2

⁷⁹ Paragraph (a) of the ninth entry of Korea's Schedule to Annex II shall not apply to this entry.

Notice of Ministry of Finance and Economy (No. 2000-17, September 28, 2000)

Regulation on Supervision of Securities Business (Financial Services Commission Notice No. 2008-16, July 3, 2008), Article 7-6

Description:

Investment

The aggregate foreign share of KEPCO's issued stocks shall not exceed 40 percent. A foreign person shall not become the largest shareholder of KEPCO.

The aggregate foreign share of power generation facilities, including cogeneration facilities of heat and power (GHP) for the district heating system (DHS), shall not exceed 30 percent of the total facilities in the territory of Korea.

The aggregate foreign share of electric power transmission, distribution and sales businesses should be less than 50 percent. A foreign person shall not be the largest shareholder.

44. Sector: Energy Industry - Gas Industry

Obligations Concerned: National Treatment (Article 9.3)⁸⁰

Measures: *Act on the Improvement of Managerial Structure and Privatization of Public Enterprises* (Law No. 11845, May 28, 2013), Article 19

Financial Investment Services and Capital Markets Act (Law No. 16191, December 31, 2018), Article 168

Articles of Incorporation of the Korea Gas Corporation (July 3, 2019), Article 11

Description: Investment

Foreign persons, in the aggregate, shall not own more than 30 percent of the equity of KOGAS.

⁸⁰ Paragraph (a) of the ninth entry of Korea's Schedule to Annex II shall not apply to this entry.

45. Sector: Recreational, Cultural, and Sporting Services - Motion Picture Projection Services

Obligations Concerned: Performance Requirements (Article 9.9)
Market Access (Article 10.4)

Measures: *Act on Promotion of Motion Pictures and Video Products* (Law No. 16061, December 24, 2018), Articles 2, 27, and 40

Enforcement Decree of the Act on Promotion of Motion Pictures and Video Products (Presidential Decree No. 29950, July 2, 2019), Article 19

Description: Cross-Border Trade in Services and Investment

Cinema operators must project Korean motion pictures for at least 73 days per year at each screen in Korea.

ANNEX II

SCHEDULE OF THE STATE OF ISRAEL

EXPLANATORY NOTE

1. Israel's Schedule to this Annex sets out, pursuant to subparagraph 3 of Articles 9.12 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the specific sectors, sub-sectors or activities for which that Contracting Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favoured-Nation Treatment) or 10.3 (Most-Favoured-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Board of Directors)

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Sub-Sector**, where referenced, refers to the specific sub-sector for which the entry is made;
- (c) **Industry Classification**, where referenced, and only for transparency purposes, refers to the activity covered by the non-conforming measure, according to domestic or international industry classification codes;
- (d) **Obligations Concerned** specifies the obligations referred to in paragraph 1 that, pursuant to subparagraph 3 of Articles 9.12 (Non-Conforming

Measures) and 10.6 (Non-Conforming Measures), do not apply to the sectors, sub-sectors or activities listed in the entry;

- (e) **Description** sets out the scope or nature of the sectors, sub-sectors or activities covered by the entry; and
- (f) **Existing Measures**, where specified, identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, sub-sectors or activities covered by the entry.

3. In the interpretation of an entry, all elements of the entry shall be considered. The “Description” element shall prevail over all other elements.

4. For the purposes of this Annex the term “CPC” means Provisional Central Product Classification (Statistical Papers Series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991).

5. In case of any inconsistency between Scheduled Entry No. 11 and any other scheduled entry, the latter shall prevail.

1	Sector:	All
	Obligations Concerned:	Market Access (Article 10.4) National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5) Senior Management and Board of Directors (Article 9.10)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure to promote policy objectives for the benefit of socially or economically disadvantaged groups, including, minorities, disabled persons, military veterans and first-degree family members of Israeli fallen soldiers and the development of its peripheral areas.</p>
	Existing Measures:	

2	Sector:	All
	Sub-Sector:	Privatization
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>1. When transferring or disposing of its equity interests in, or the assets of, a state enterprise or a governmental entity, Israel reserves the right to:</p> <p>(a) prohibit or impose limitations on the ownership of such interests or assets by investors or investments;</p> <p>(b) impose limitations on the ability of investors or investments as owners of such interests or assets to control any resulting enterprise;</p> <p>(c) adopt or maintain any measure relating to the nationality or residency of members of the board of directors, position holders or certain officers of any resulting enterprise; or</p> <p>(d) impose limitations on the location of management,</p>

main operations and center of business of any resulting enterprise.

Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.

2. In the event where the supply of services, which is restricted to designated enterprises or governmental entities, is liberalized to those other than the designated enterprises or governmental entities, or in the event where such designated enterprises or governmental entities no longer operate on a non-commercial basis, Israel reserves the right to adopt or maintain any measure related to those activities.

Existing Measures: Government Companies Law (including Special State Share), 1975

Government Companies Order (Announcement on Essential State Interests in Ashot Ashkelon Industries Ltd.), 2005

Government Companies Order (Announcement on Essential State Interests in Oil Refineries Ltd.), 2007

Government Companies Order (Announcement on Essential State Interests in Oil Refinery – Ashdod Ltd.), 2006

Government Companies Order (Announcement on Essential State Interests in El-Al Israel Airlines Ltd.), 2004

Government Companies Order (Announcement on Essential State Interests in IMI Systems Ltd.), 2016

Special State Share in Israel Chemicals Ltd. and in its Subsidiary Companies

Special State Share in Zim Integrated Shipping Services Ltd.

Special State Share in El-Al Israel Airlines Ltd.

3	Sector :	All
	Sub-Sector:	Concessions, Licenses
	Obligations Concerned:	Market Access (Article 10.4) Performance Requirements (Article 9.9)
	Description:	Cross-Border Trade in Services and Investment Israel reserves the right to adopt or maintain any measure in granting concessions and exclusive licenses.
	Existing Measures:	

4 Sector : All

Obligations National Treatment (Article 9.3)

Concerned:

Performance Requirements (Article 9.9)

Senior Management and Board of Directors (Article 9.10)

Description: **Investment**

1. Members of the board of directors, position holders and certain officers in public bodies as defined in Security of Public Bodies Law, 1998, and persons in certain positions with cyber security responsibilities, are required to be nationals or residents of Israel and to hold appropriate security clearances.

2. Israel reserves the right to demand the imposition or enforcement of the purchase or use of goods produced or services provided in its Territory, when the demand is mainly related to cyber security and is in conformance with national cyber security policy.

Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.

Existing Measures: Security of Public Bodies Law, 1998
 Government Decision 2443 of 2015
 Government Decision 2444 of 2015

5 Sector : All

Obligations Market Access (Article 10.4)

Concerned:

National Treatment (Articles 9.3 and 10.2)

Performance Requirements (Article 9.9)

Local Presence (Article 10.5)

Senior Management and Board of Directors (Article 9.10)

Description: **Investment**

Israel reserves the right to adopt or maintain any measure with respect to an investment to supply a service in the exercise of governmental authority.

Existing Measures:

6	Sector :	Defense Industry
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Board of Directors (Article 9.10) Most-Favoured-Nation Treatment (Article 9.4)
	Description:	Investment Israel reserves the right to adopt or maintain any measure with regard to the defense industry sector.
	Existing Measures:	Defense Export Control Law, 2007 Defense Corporations Law, 2005

7 Sector : All

Obligations Concerned: Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)

Description: **Cross-Border Trade in Services and Investment**

Israel reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral agreement or arrangement regarding:

- (a) aviation;
- (b) maritime matters, including search and rescue and salvage;
- (c) co-production and distribution in film, video and television;
- (d) mutual recognition in different fields; or
- (e) cooperation in aeronautics and space.

Existing Measures:

8 Sector : All

Obligations Market Access (Article 10.4)

Concerned:

Description: **Cross-Border Trade in Services and Investment**

Public monopolies

Services considered as public utilities may be subject to public monopolies. Public utilities exist in sectors such as communications, technical testing and analysis services, water transmission, environmental services, services incidental to forestry and logging, health services and transport services.

Existing Measures:

9 Sector : All

Obligations Market Access (Article 10.4)

Concerned:

National Treatment (Articles 9.3 and 10.2)

Performance Requirements (Article 9.9)

Local Presence (Article 10.5)

Senior Management and Board of Directors (Article 9.10)

Description: **Cross-Border Trade in Services and Investment**

Israel reserves the right to adopt or maintain any measure with regard to new services other than those classified positively and explicitly in CPC Prov.

Existing Measures:

10 Sector : All

Obligations Market Access (Article 10.4)

Concerned:

National Treatment (Articles 9.3 and 10.2)

Performance Requirements (Article 9.9)

Local Presence (Article 10.5)

Senior Management and Board of Directors (Article 9.10)

Description: **Cross-Border Trade in Services and Investment**

Israel reserves the right to adopt or maintain any measure with regard to the supply of services that were not technically feasible at the time of entry into force of this Agreement.

Existing Measures:

11 Sector : All

Obligations Market Access (Article 10.4)

Concerned:

National Treatment (Article 10.2)

Most-Favoured-Nation Treatment (Article 10.3)

Description: **Cross-Border Trade in Services**

Israel reserves the right to adopt or maintain any measure with regard to the supply of a service by a national of a Party in the territory of the other Party, except for executives, managers, specialists and business visitors included in Israel's schedule of specific commitments on temporary entry of business persons in Annex 11-B.

Existing Measures:

12 Sector : Land and Real Estate

Obligations National Treatment (Article 9.3)

Concerned:

Description: **Investment**

The acquisition of rights to land and real estate by foreign nationals or companies controlled by foreign nationals is subject to the prior approval of the Israel Land Authority Council.

Existing Measures: Israel's Land Law, 1960

13 Sector : Gambling and Betting Services

Obligations Market Access (Article 10.4)

Concerned:

National Treatment (Articles 9.3 and 10.2)

Local Presence (Article 10.5)

Performance Requirements (Article 9.9)

Senior Management and Board of Directors (Article 9.10)

Description: **Cross-Border Trade in Services and Investment**

Israel reserves the right to adopt or maintain any measure with regard to gambling and betting services.

Existing Measures:

14 Sector : Human Health, Law Enforcement and Correctional Services and Social Services

Obligations Market Access (Article 10.4)

Concerned:

National Treatment (Articles 9.3 and 10.2)

Performance Requirements (Article 9.9)

Local Presence (Article 10.5)

Senior Management and Board of Directors (Article 9.10)

Description:

Cross-Border Trade in Services and Investment

Israel reserves the right to adopt or maintain any measure with regard to human health including health institutions, equipment, services, data exchange and products, medical and dental services and services provided by midwives, nurses, physiotherapists and paramedical personnel, law enforcement and correctional services and, to the extent they are established or maintained for a public purpose, social services including income security or insurance, social security or insurance, social welfare, public housing and child care.

Existing Measures:

15 Sector: Satellite broadcasting, Cable broadcasting, Television or radio broadcasting, Satellite telecommunications Services

Obligations National Treatment (Articles 9.3 and 10.2)

Concerned:

Performance Requirements (Article 9.9)

Local Presence (Article 10.5)

Senior Management and Board of Directors (Article 9.10)

Description:

Cross-Border Trade in Services and Investment

1. Members of the boards of directors and position holders in a licensee of satellite broadcasting, cable broadcasting, television broadcasting or radio broadcasting are required to be nationals of Israel who are residents of Israel in some cases with security clearance and are subject to approval by the relevant regulator.

2. Israel reserves the right to adopt or maintain any measure with regard to licensing of satellite communications facilities for the transmission of voice, data, text, sound and full motion picture video between network termination points and with regard to licensing of services for the transmission of television and radio programs to the consumer by a satellite system.

Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any

persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.

Existing Measures:

16 Sector: Identity Management, Biometric Technology, Biometric Information and Databases

Obligations National Treatment (Articles 9.3 and 10.2)

Concerned:

Performance Requirements (Article 9.9)

Senior Management and Board of Directors (Article 9.10)

Description: **Investment**

1. Israel reserves the right to impose or enforce any of the following requirements, with regard to identity management, biometric technology and biometric information and databases:

(a) to restrict the exportation or sale for export;

(b) to purchase or use goods produced or services provided in its Territory; and

(c) to transfer technology, a production process or other proprietary knowledge to a natural person or an enterprise in its Territory.

2. Members of the board of directors, position holders and certain officers in an enterprise responsible for identity management and/or managing of a biometric information and database may be required to be nationals or residents of Israel, in some cases with security clearance and the enterprise may be required to be incorporated in Israel and have its main operations and center of business in Israel.

Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.

Existing Measures:

17	Sector:	Agriculture
	Sub-Sector:	Dairying including Cattle, Goats and Sheep Dairying Poultry and Eggs Honey including Beekeeping Groundnuts
	Obligations Concerned:	Market Access (Article 10.4) National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5)
	Description:	Cross-Border Trade in Services and Investment Israel reserves the right to adopt or maintain any measure relating to agriculture sectors listed in the “Sub-Sector” element, including services incidental to these agricultural sectors.
	Existing Measures:	

18	Sector:	Mining including Phosphates Mining, Quarrying and Services Incidental to Mining and Quarrying
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to mining including phosphates mining, quarrying and services incidental to mining and quarrying. Services incidental to mining including:</p> <ul style="list-style-type: none"> - Economic and scientific activities related to evaluation of a basin - Geologic, geophysical, geochemical activities and geoscientific data gathering related to the location of mineral deposits, oil and gas - Well drilling and testing - Mapping on water, land and transition zones through seismic or other imagining techniques - Geological and geophysical interpretation - Reservoir simulation - Risk analysis

- Reserve estimation
- Data management and analysis, including computer modelling
- Conceptual engineering
- Resource and facilities description
- Screening
- Site preparation and survey
- Feasibility and appraisal

Existing Measures: Mining Ordinance

19 Sector: Energy, Gas, Oil and Electricity

Obligations Market Access (Article 10.4)

Concerned:
Local Presence (Article 10.5)

Description: **Cross-Border Trade in Services and Investment**

Israel reserves the right to adopt or maintain any measure with regard to energy, gas, oil and electricity.

Existing Measures:

20	Sector:	Energy
	Sub-Sector:	Gas including Natural Gas
		Oil
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2)
		Performance Requirements (Article 9.9)
		Senior Management and Board of Directors (Article 9.10)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Israel reserves the right to adopt or maintain any measure with regard to the natural gas sector and to essential services in the oil sector. 2. Israel may require a petroleum right holder, as defined in the Oil Law, 1952, to supply certain amount of oil or oil products for domestic consumption and usage. 3. Israel reserves the right to adopt or maintain any measure involving national treatment or performance requirements, with regard to oil distillates and oil refineries and with regard to pipeline transport of oil and natural gas including crude or refined oil and oil products. 4. Israel reserves the right to adopt or maintain any measure with regard to storage of liquids or gases and bulk storage services of liquids (oil or liquefied gas) or gases

and with regard to oil and gas exploration and production.

Existing Measures:

21	Sector:	Energy
	Sub-Sector:	Liquefied Petroleum Gas (LPG)
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Board of Directors (Article 9.10)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <ol style="list-style-type: none"> 1. Nationality and residency of Israel are required for a natural person applying for licensure as a gas supplier, gas agent or a gas technician/engineer. 2. Members of the board of directors, position holders and certain officers in an LPG licensed enterprise are required to be nationals of Israel who are residents of Israel, in some cases with security clearance. 3. Foreign ownership in an LPG licensed enterprise may be restricted. 4. Foreign LPG technicians may be subject to time limited license. 5. Israel reserves the right to adopt or maintain any measure involving performance requirements, with regard to LPG marketing and exporting.

Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.

Existing Measures: Gas Law (Safety and Licensing), 1989

Natural Gas Sector Law, 2002

22	Sector:	Energy
	Sub-Sector:	Electricity
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Board of Directors (Article 9.10)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. A licensee as a supplier of an electricity service who provides an essential service, as defined in the Electricity Market Law, 1996, shall be subject to the following conditions:</p> <p>(a) the licensee shall be controlled by nationals of Israel who are residents of Israel;</p> <p>(b) the maximum rate of means of control in the licensee to be held, directly or indirectly, by non-residents of Israel, is subject to a determination by the Minister of National Infrastructures; and</p> <p>(c) members of the board of directors, position holders and certain officers in the licensee are required to be nationals of Israel who are residents of Israel, in some cases with security clearance.</p> <p>2. Members of the board of directors, position holders and</p>

certain officers in an enterprise licensed to transmit, distribute, supply or produce electricity are required to be nationals of Israel who are residents of Israel, in some cases with security clearance.

3. Foreign ownership in an enterprise licensed to transmit, distribute, supply or produce electricity may be restricted.

4. Nationality of Israel is required for licensure of a natural person to transmit, distribute, supply or produce electricity.

5. Approval of guarantees of a foreign bank to a licensee for selling electricity is subject to the consideration of the Electricity Authority.

Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director general, as defined in Article 1 of the Companies Law, 1999. Further it is understood that director general is an equivalent position to chief executive officer.

Existing Measures: Electricity Market Law, 1996

The Electricity Authority Book of Standards

23	Sector :	Business Services
	Sub-Sector:	Services incidental to hunting and forestry
	Industry	Part of CPC 881
	Classification:	
	Obligations	Market Access (Article 10.4)
	Concerned:	National Treatment (Articles 9.3 and 10.2)
		Performance Requirements (Article 9.9)
		Local Presence (Article 10.5)
		Senior Management and Board of Directors (Article 9.10)
	Description:	Cross-Border Trade in Services and Investment
		Israel reserves the right to adopt or maintain any measure with regard to services incidental to hunting and forestry.
	Existing Measures:	

24	Sector :	Business Services
	Sub-Sector:	Placement and supply of personnel
	Industry Classification:	CPC 872
	Obligations Concerned:	Market Access (Article 10.4) National Treatment (Article 10.2) Local Presence (Article 10.5)
	Description:	Cross-Border Trade in Services Israel reserves the right to adopt or maintain any measure with regard to placement and supply of personnel.
	Existing Measures:	

25 Sector : Business Services

Sub-Sector: Investigation services

Industry CPC 87301

Classification:

Obligations Market Access (Article 10.4)

Concerned:

Description: **Cross-Border Trade in Services and Investment**

Israel reserves the right to adopt or maintain any measure with regard to investigation services. Any such measure shall not decrease the level of commitment in Entry 10 of Israel's schedule to Annex I.

Existing Measures:

26	Sector :	Business Services
	Sub-Sector:	Rental/Leasing Services without Operators
	Industry Classification:	CPC 831
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to rental/leasing services without operators, except rental/leasing concerning office machinery and equipment.</p>
	Existing Measures:	

27	Sector:	Business Services
	Sub-Sector:	Technical testing and analysis services
	Industry Classification:	CPC 8676
	Obligations Concerned:	Market Access (Article 10.4) Local Presence (Article 10.5)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure regarding technical testing and analysis services for purposes of regulatory recognition, including requiring that these services shall be supplied by an approved laboratory established in Israel.</p>
	Existing Measures:	Standards law,1953 (Article 12)

28	Sector :	Business Services
	Sub-Sector:	Appraisal services
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to appraisal services, except appraisal services for motor vehicles.</p>
	Existing Measures:	

29	Sector :	Business Services
	Sub-Sector:	Driving test examiners
	Obligations Concerned:	Market Access (Article 10.4) National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5) Senior Management and Board of Directors (Article 9.10)
	Description:	Cross-Border Trade in Services and Investment Israel reserves the right to adopt or maintain any measure with regard to driving test examiners.
	Existing Measures:	

30	Sector :	Business Services
	Sub-Sector:	Credit reporting services
		Collection agency services
		Other business services n.e.c.
	Industry Classification:	CPC 87901, 87902 and 87909
	Obligations Concerned:	Market Access (Article 10.4)
		Local Presence (Article 10.5)
	Description:	Cross-Border Trade in Services and Investment
		Israel reserves the right to adopt or maintain any measure with regard to credit reporting services, collection agency services and other business services n.e.c.
	Existing Measures:	

31	Sector :	Communication Services
	Sub-Sector:	Postal and Courier Services
	Industry Classification:	CPC 7511 and 7512
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with respect to postal and courier services below 500 gram per addressed item.</p>
	Existing Measures:	

32	Sector :	Communication Services
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain certain safeguards with regard to essential communication services, as defined in the Communication Law (Telecommunications and Broadcasting), 1982.</p> <p>Such safeguards may include measures dealing with:</p> <ul style="list-style-type: none"> (a) control, means of control or the ability to appoint a position holder in a licensee; (b) location of management, main operations and center of business; and (c) members of the board of directors, position holders and certain officers. <p>Note: For the purposes of this Schedule entry, “position holder” is the director general, chief business officer, deputy director general, vice director general or any persons in equivalent positions, member of the board of directors or other officers who directly report to the director</p>

33	Sector :	Communication Services
	Sub-Sector:	Promotion and advertising services
	Industry Classification:	CPC 96111
	Obligations Concerned:	Market Access (Article 10.4) Local Presence (Article 10.5)
	Description:	Cross-Border Trade in Services For cross-border trade in services supplied from the territory of one Party into the territory of the other Party, Israel reserves the right to adopt or maintain any measure with regard to promotion and advertising services.
	Existing Measures:	

34	Sector :	Communication Services
	Sub-Sector:	Radio and television services
		Radio and television transmission services
	Industry Classification:	CPC 9613 and 7524
	Obligations Concerned:	Market Access (Article 10.4)
		Local Presence (Article 10.5)
		Performance Requirements (Article 9.9)
	Description:	Cross-Border Trade in Services and Investment
		Israel reserves the right to adopt or maintain any measure with regard to radio and television services and radio and television transmission services.
	Existing Measures:	

35	Sector :	Construction and construction related engineering services
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Senior Management and Board of Directors (Article 9.10)</p> <p>Local Presence (Article 10.5)</p> <p>Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with respect to construction and construction related engineering services.</p>
	Existing Measures:	

36	Sector :	Distribution Services
	Industry Classification:	CPC 62112, 62113, 62117, 62226, 62228, 6225, 6227, 63107, 63108, 6321 and 63299
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to distribution services as follows:</p> <ul style="list-style-type: none"> - Commission agents' services for alcoholic beverages, tobacco products, fuels, pharmaceutical and medical goods and cosmetics. - Wholesale trade services for alcoholic beverages and tobacco products; wholesale trade services for pharmaceutical and medical goods and cosmetics; wholesale trade services for intermediate products, other than agricultural; and wholesale trade services for waste and scrap and materials for recycling. - Food retailing services for alcoholic beverages and tobacco products.

- Non-food retailing services for pharmaceutical and medical goods and cosmetics.
- Retail sales of Specialized retail sales of non-food products.

Existing Measures:

37	Sector :	Educational Services
	Industry Classification:	CPC 921, 922, 924, and part of 923 and 929
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to educational services except for:</p> <ul style="list-style-type: none"> - instruction for car, bus, truck and motorcycle driving; - preparatory courses for admission tests to colleges and universities and language tuition; and - cross border trade in higher education services.
	Existing Measures:	

38	Sector :	Treatment of Waste
	Obligations Concerned:	Market Access (Article 10.4) National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5) Senior Management and Board of Directors (Article 9.10)
	Description:	Cross-Border Trade in Services and Investment Israel reserves the right to adopt or maintain any measure with regard to treatment of hazardous waste and with regard to the development of domestic treatment capacities.
	Existing Measures:	

39 Sector : Tourism and travel-related services

Sub-Sector: Travel Agencies and Tour Operators

Industry CPC 7471

Classification:

Obligations Market Access (Article 10.4)

Concerned:

Local Presence (Article 10.5)

Description: **Cross-Border Trade in Services**

For cross-border trade in services supplied from the territory of one Party into the territory of the other Party, Israel reserves the right to adopt or maintain any measure with regard to travel agencies and tour operators.

Existing Measures:

40 Sector : Tourism and travel-related services

Sub-Sector: Tourist Guides Services

Industry CPC 7472

Classification:

Obligations Market Access (Article 10.4)

Concerned:

Local Presence (Article 10.5)

Description: **Cross-Border Trade in Services**

For cross-border trade in services supplied from the territory of one Party into the territory of the other Party, Israel reserves the right to adopt or maintain any measure with regard to tourist guides services.

Existing Measures:

41	Sector :	Transportation
	Sub-Sector:	Maritime Transport Services
	Obligations Concerned:	Market Access (Article 10.4) National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Local Presence (Article 10.5)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>1. Israel reserves the right to adopt or maintain any measure with regard to cabotage and maritime offshore services.</p> <p>2. Cabotage means a commercial activity which is performed by a vessel and is one of the following:</p> <p style="padding-left: 40px;">(a) transport of goods and passengers of which the starting point and ending point is a port, ship, facility or installation that is in the coastal or internal waters or the maritime area, without calling another international port, except for the re-positioning of owned/leased empty containers which serve the owner of the vessels for transporting goods; or</p> <p style="padding-left: 40px;">(b) any other activity performed in the coastal or internal waters or maritime area;</p> <p>as defined in the Law of Shore Maritime Transport (Permit to Foreign Vessel) 2005.</p>

Existing Measures: Law of Cabotage (Permit for a Foreign Sea Vessel), 2005

Cabotage Ordinance (Permit for a Foreign Sea Vessel)
(Request for Permit), 2012

42	Sector :	Transportation
	Sub-Sector:	Air transport services
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to air transport services and services supplied at airports, except aircraft repair and maintenance services and computer reservation system as defined in GATS Annex on Air Transport Services.</p>
	Existing Measures:	

43	Sector :	Transportation
	Sub-Sector:	Airports and Ports
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Board of Directors (Article 9.10)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to airports and ports, including construction and services supplied or operated at ports and including subjecting ports development and assets companies, port companies and authorized companies, as defined in the Shipping and Ports Authority Law, 2004, to an order of essential state interests, or to any other restrictions.</p>
	Existing Measures:	<p>Shipping and Ports Authority Law, 2004</p> <p>Ports Ordinance, 1971</p> <p>Shipping and Ports Order (Announcement on Essential State Interests in Eilat Port Company Ltd.), 2012</p> <p>Airports Authority Law, 1977</p>

44	Sector:	Transportation services via space, the rental of spacecraft and space transport ancillary services
	Industry Classification:	CPC 733, part of 734
	Obligations Concerned:	<p>Market Access (Article 10.4)</p> <p>National Treatment (Articles 9.3 and 10.2)</p> <p>Performance Requirements (Article 9.9)</p> <p>Local Presence (Article 10.5)</p> <p>Senior Management and Board of Directors (Article 9.10)</p>
	Description:	<p>Cross-Border Trade in Services and Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to transportation services via space, the rental of space craft and space transport ancillary services.</p>
	Existing Measures:	

45	Sector :	Transportation
	Sub-Sector:	Transportation services by railway
	Industry Classification:	CPC 711
	Obligations Concerned:	Market Access (Article 10.4)
		National Treatment (Articles 9.3 and 10.2)
		Performance Requirements (Article 9.9)
		Local Presence (Article 10.5)
		Senior Management and Board of Directors (Article 9.10)
	Description:	Cross-Border Trade in Services and Investment
		Israel reserves the right to adopt or maintain any measure with regard to transportation services via railway.
	Existing Measures:	

46	Sector :	Transportation
	Sub-Sector:	Road Transport Services
	Industry Classification:	CPC 7121, 7122, 7123, 7124, 6112, 8867 and 744
	Obligations Concerned:	Market Access (Article 10.4) Local Presence (Article 10.5)
	Description:	<p style="text-align: center;">Cross-Border Trade in Services</p> <p>1. For Market Access, Israel reserves the right to adopt or maintain any measure with regard to road transport services.</p> <p>2. For Local Presence, Israel reserves the right to require the establishment or maintenance of a representative office or any form of enterprise, with regard to road transport services.</p> <p style="text-align: center;">Investment</p> <p>Israel reserves the right to adopt or maintain any measure with regard to supporting services for road transport services.</p>
	Existing Measures:	

47	Sector :	Transportation
	Sub-Sector:	Supporting services for road transport and Other scheduled passenger transportation
	Industry Classification:	CPC 744 and 7121
	Obligations Concerned:	National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Board of Directors (Article 9.10)
	Description:	Cross-Border Trade in Services and Investment Israel reserves the right to adopt or maintain any measure with regard to supporting services for road transport, except parking services and commercial road vehicle maintenance and minor repair services.
	Existing Measures:	

48	Sector :	Oil and natural gas pipeline transport, including crude and refined oil, oil products and natural gas
	Industry Classification:	CPC 7131 and 7139
	Obligations Concerned:	Market Access (Article 10.4) Local Presence (Article 10.5) National Treatment (Articles 9.3 and 10.2) Performance Requirements (Article 9.9) Senior Management and Board of Directors (Article 9.10)
	Description:	Cross-Border Trade in Services and Investment Israel reserves the right to adopt or maintain any measure with regard to oil distillates and oil refineries and oil and natural gas pipeline transport, including crude and refined oil, oil products and natural gas.
	Existing Measures:	

49 Sector : Services Auxiliary to All Modes of Transport

Sub-Sector: Storage and warehouses services

Freight transport agency services

Other supporting and auxiliary transport services

Industry CPC 742, 748, 749

Classification:

Obligations Market Access (Article 10.4)

Concerned:

Local Presence (Article 10.5)

Description: **Cross-Border Trade in Services**

Israel reserves the right to adopt or maintain any measure with regard to storage and warehouses services, freight transport agency services and other supporting and auxiliary transport services.

Investment

Israel reserves the right to adopt or maintain any measure with regard to storage and warehouses services, freight transport agency services and other supporting and auxiliary transport services, except customs agents.

Existing Measures:

50	Sector :	Community, Social and Personal Services
	Sub-Sector:	Services of membership organizations
		Other services
		Private household with employed persons
		Services provided by extraterritorial organizations and bodies
	Industry Classification:	CPC 95, 97, 98, 99
	Obligations Concerned:	Market Access (Article 10.4)
		National Treatment (Article 10.2)
		Local Presence (Article 10.5)
	Description:	<p>Cross-Border Trade in Services</p> <p>Israel reserves the right to adopt or maintain any measure with regard to the services of membership organizations, private household with employed persons, services provided by extraterritorial organizations and bodies and other services in the Sector Community, Social and Personal Services.</p>
	Existing Measures:	

ANNEX II

SCHEDULE OF THE REPUBLIC OF KOREA

EXPLANATORY NOTE

1. The Schedule of Korea to this Annex sets out, pursuant to Articles 9.12 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which Korea may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 9.3 (National Treatment) or 10.2 (National Treatment);
- (b) Article 9.4 (Most-Favoured-Nation Treatment) or 10.3 (Most-Favoured-Nation Treatment);
- (c) Article 10.4 (Market Access);
- (d) Article 10.5 (Local Presence);
- (e) Article 9.9 (Performance Requirements); or
- (f) Article 9.10 (Senior Management and Boards of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligation Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 9.12.3 and 10.6.3, shall not apply to sectors,

subsectors, or activities set out in the Schedule;

(c) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry; and

(d) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Articles 9.12.3 and 10.6.3, the Articles of this Agreement specified in the **Obligations Concerned** element of an entry shall not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.

4. A **foreign person** means a foreign national or an enterprise organized under the laws of another country.

5. The Schedule contained in this Annex is without prejudice to Korea's position on the supply of services that were not technically feasible at the time of entry into force of this Agreement, and the supply of new services other than those classified positively and explicitly in UN CPC provisional code.

6. For greater certainty, in accordance with Article 10.1.3, a Schedule entry for a non-conforming measure with respect to Article 10.4 (Market Access) shall also apply to measures adopted or maintained by Korea affecting the supply of a service in its territory through commercial presence, notwithstanding the heading of the Description element.

7. For greater certainty, Articles 10.2 (National Treatment) and 10.5 (Local Presence) are separate disciplines and a measure that is only inconsistent with Article 10.5 (Local Presence) need not be reserved against Article 10.2 (National Treatment).

1. Sector: All Sectors

Obligations Concerned: National Treatment (Article 9.3)
Performance Requirements (Article 9.9)

Description: Investment

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 *Foreign Investment Promotion Act* (2019) and Article 5 of the *Enforcement Decree of the Foreign Investment Promotion Act* (2018), provided that Korea promptly provides written notice to the other party that it has adopted such a measure and that the measure:

- (a) is applied in accordance with the procedural requirements set out in the *Foreign Investment Promotion Act* (2019), *Enforcement Decree of the Foreign Investment Promotion Act* (2018), 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.

Existing Measures:

Foreign Investment Promotion Act (Law No. 16479, August 20, 2019), Article 4

Enforcement Decree of the Foreign Investment Promotion Act (Presidential Decree No. 30170, October 29, 2019) Article 5

2. Sector: All Sectors

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)
Local Presence (Article 10.5)

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 16 (Transparency).

This entry shall not apply to former private enterprises that are owned by the state as a result of corporate reorganization processes.

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.

Existing Measures: *Financial Investment Services and Capital Markets Act* (Law No. 16191, December 31, 2018), Article 168

3. Sector:	All sectors
Obligations Concerned:	<p>National Treatment (Articles 9.3 and 10.2)</p> <p>Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)</p> <p>Market Access (Article 10.4)</p> <p>Local Presence (Article 10.5)</p> <p>Performance Requirements (Article 9.9)</p> <p>Senior Management and Boards of Directors (Article 9.10)</p>
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 defense industry.</p> <p>Foreign investors (stipulated in Article 2 of the <i>Foreign Investment Promotion Act</i>) who intend to acquire the outstanding shares of a defense industry company (enterprises stipulated in Article 3 of the <i>Defense Acquisition Program Act</i>) other than the newly issued ones shall obtain a prior permission from the Minister of Trade, Industry and Energy.</p>
Existing Measures:	<p><i>Foreign Investment Promotion Act</i> (Law No. 16479, August 20, 2019), Article 6</p> <p><i>Defense Acquisition Program Act</i> (Law No. 15344, January 16, 2018), Article 35</p>

4. Sector: Acquisition of Land

Obligations Concerned: National Treatment (Article 9.3)

Description: Investment

Korea reserves the right to adopt or maintain any measure with respect to the acquisition of land by foreign persons, except that a juridical person shall continue to be permitted to acquire land where the juridical person:

- (a) is not deemed foreign under Article 2 of the *Act on Report on Real Estate Transactions, Etc.*, and
- (b) is deemed foreign under the *Act on Report on Real Estate Transactions, Etc.* or is a branch of a foreign juridical person subject to approval or notification in accordance with the *Act on Report on Real Estate Transactions, Etc.*, if the land is to be used for any of the following legitimate business purposes:
 - (i) land used for ordinary business activities;
 - (ii) land used for housing for senior management; and
 - (iii) 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:

Act on Report on Real Estate Transactions, Etc. (Law No. 13797, January 19, 2016), Articles 2, 3, 7, 8, 9 and 11

Farmland Act (Law No. 16073, December 24, 2018), Article 6

5. Sector: Firearms, Swords, Explosives, and Similar Items

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to the firearms, swords, explosives, gas sprays, electric shocks, and crossbows sector, including the manufacture, use, sale, storage, transport, import, export, and possession of firearms, swords, explosives, gas sprays, electric shocks, and crossbows.

6. Sector: Disadvantaged Groups

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

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.

7. Sector:	State-Owned National Electronic/Information System
Obligations Concerned:	<p>National Treatment (Articles 9.3 and 10.2)</p> <p>Local Presence (Article 10.5)</p> <p>Performance Requirements (Article 9.9)</p> <p>Senior Management and Boards of Directors (Article 9.10)</p>
Description:	<p><u>Cross-Border Trade in Services and Investment</u></p> <p>Korea reserves the right to adopt or maintain any measure affecting the administration and operation of any state-owned electronic information system that contains proprietary government information or information gathered pursuant to the regulatory functions and powers of the government.</p>
Existing Measures:	<p><i>Act on the Establishment, Management, etc. of Spatial Data</i> (Law No. 13796, January 19, 2016), Articles 16, 21</p> <p><i>Enforcement Decree of the Act on the Establishment, Management, etc. of Spatial Data</i> (Presidential Decree No. 29617, March 12, 2019), Article 16</p>

8. Sector: Social Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Local Presence (Article 10.5)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)

Description: Cross-Border Trade in Services and Investment

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; public utilities; public transport; public housing; health; and child care.

9. Sector: All Sectors

Obligations Concerned: Market Access (Article 10.4)

Description: Cross-Border Trade in Services

Korea reserves the right to adopt or maintain any measure that is not inconsistent with Korea's obligations under Article XVI of 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 the 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 the Market Access obligation, 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 subparagraph (f) of paragraph 2 of Article XVI of 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 10.5 (Local Presence) as modified by Article 10.6 (Non-Conforming Measures).

10. Sector: All Sectors

Obligations Concerned: Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)

Description: Cross-Border Trade in Services and Investment

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;
- (c) maritime matters, including salvage;
- (d) telecommunication services; or
- (e) railroad transportation.

11. Sector: Communication Services - Broadcasting Services

Obligations Concerned: Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)

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 the 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.

12. 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 9.3 and 10.2)
Performance Requirements (Article 9.9)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to the following environmental services: treatment and supply of potable water; collection and treatment of municipal sewage; collection, transportation, and disposal of municipal refuse; sanitation and similar services; and nature and landscape protection services (except for environmental impact assessment services).

This entry shall not apply to the supply of the aforementioned services pursuant to a contract between private parties, to the extent private supply of such services is permitted under relevant laws and regulations.

13. Sector: Energy – Atomic Energy, Electric Power, and Gas Energy

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

1. Korea reserves the right to adopt or maintain any measure with respect to the atomic energy industry such as 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 related to nuclear energy; planning, maintenance, and repair services.

2. Korea reserves the right to adopt or maintain any measure with respect to electric power generation, transmission, distribution, and sales.

Any such measure shall not decrease the level of foreign ownership permitted in the electric power industry as provided by the entry in Korea's Schedule to Annex I related to Energy Industry - Electric Power Generation Other Than Nuclear Power Generation; Electric Power Transmission, Distribution and Sales.

Notwithstanding this entry, Korea shall not adopt or maintain any measure inconsistent with Article 9.9.1(f) (Performance Requirement – requirement to transfer a particular technology, a production process, or another proprietary knowledge to a person in its territory).

3. Korea reserves the right to adopt or maintain any measure with respect to the import and wholesale distribution of natural gas and the operation of terminals and the national high pressure pipeline network.

Any such measure shall not decrease the level of foreign ownership permitted in the gas industry as provided by the entry in Korea's Schedule to Annex I related to Energy Industry - Gas Industry.

14. Sector: Distribution Services - Commission Agents' Services, Wholesaling and Retailing of Agricultural Raw Materials and Live Animals (*nong chuk san mul*)

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Performance Requirements (Article 9.9)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to:

- (a) commission agents' services of agricultural raw materials, live animals, food products, beverage;
- (b) wholesaling trade services of grain, meat, poultry, grain powder, ginseng, red ginseng, fertilizers; and
- (c) retail services of rice, ginseng and red ginseng.

15. Sector: Manufacturing of Liquor

Obligations Concerned: Performance Requirements (Article 9.9)

Description: Investment

Korea reserves the right to adopt or maintain any measure with respect to manufacturing of liquor.

16. Sector: Transportation Services - Passenger Road Transportation Services (Taxi Services and Scheduled Passenger Road Transportation Services), Freight Road Transportation Services (not including Road Transportation Services Related to Courier Services), Internal Waterways Transportation Services and Space Transportation Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)

Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

1. Korea reserves the right to adopt or maintain any measure with respect to taxi services and scheduled passenger road transportation services.

2. Korea reserves the right to adopt or maintain any measure with respect to freight road transportation services, not including road transportation of containerized freight (excluding cabotage) by international shipping companies and road transportation services related to courier services regarding Most-Favoured-Nation Treatment (MFN), Performance Requirements (PR), Senior Management and Boards of Directors (SMBD), and Local Presence (LP) obligations.

3. Korea reserves the right to adopt or maintain any measure with respect to internal waterways transportation services and space transportation services.

17. Sector: Transportation Services - Storage and Warehousing Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to storage and warehousing services related to agricultural and livestock products.

18. Sector: Communication Services - Non-monopoly Postal Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Market Access (Article 10.4)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to the Minister of Science and ICT not needing authorization from the Minister of Land, Infrastructure and Transport in determining the total number of vehicles that may belong to the Ministry of Science and ICT and allocating the vehicles to post offices.

The Korean Postal Authority reserves exclusive rights for collecting, processing and delivering domestic and international letters.

The exclusive rights of the Korean Postal Authority include the right of access to its postal network and operation thereof.

Existing Measures: *Postal Service Act* (Law No. 13584, December 22, 2015)

Regulations on Management of Common-Purpose Motor Vehicles (Presidential Decree No. 28211, July 26, 2017)

Foreign Investment Promotion Act (Law No. 16479, August 20, 2019), Article 4

19. Sector: Communication Services - Broadcasting Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4, 10.3)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)
Market Access (Article 10.4)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure relating to broadcasting services.

20. Sector: Communication Services - Broadcasting and Telecommunications Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)
Market Access (Article 10.4)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to subscription-based video services.

For the 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.

21. Sector: Communication Services - Broadcasting and Audio-Visual Services

Obligations Concerned: Most Favoured-Nation Treatment (Articles 9.4 and 10.3)
Performance Requirements (Article 9.9)

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 such a co-production arrangement, confers national treatment on works covered by a co-production arrangement.

Existing Measures:

Act on Promotion of Motion Pictures and Video Products
(Law No. 11902, July 16, 2013)

Notice on Programming (Korea Communications
Commission Notice No. 2019-8, June 17, 2019)

22. Sector: Communication Services - Broadcasting and Audio-Visual Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Performance Requirements (Article 9.9)

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.

Existing Measures: *Act on Promotion of Motion Pictures and Video Products* (Law No. 11902, July 16, 2013), Articles 27 and 40

Enforcement Decree of the Act on Promotion of Motion Pictures and Video Products (Presidential Decree No. 24036, August 13, 2012), Articles 10 and 19

Enforcement Regulations of the Act on Promotion of Motion Pictures and Video Products (Ordinance of the Ministry of Culture, Sports and Tourism No.128, August 17, 2012)

Notice on Programming (Korea Communications Commission Notice No. 2019-8, June 17, 2019)

23. Sector: Business Services - Real Estate Services (not including Real Estate Brokerage and Appraisal Services)

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Performance Requirements (Article 9.9)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

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.

24. Sector: Business Services - Cadastral Surveying Services and Cadastral Map-Making Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)

Description: Cross-Border Trade in Services and Investment

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

25. Sector: Business and Environmental Services - Examination, Certification, and Classification of Agricultural Raw Materials and Live Animals (*nong chuk san mul*)

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

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.

26. Sector: Business Services - Services Incidental to Agriculture, Hunting, Forestry and Fishing

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)

Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to services incidental to agriculture, forestry, and livestock, including genetic improvement, artificial insemination, rice and barley polishing, and activities related to a rice processing complex.

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.

27. Sector: Fishing

Obligations Concerned: National Treatment (Article 9.3)

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.

28. Sector: Publishing of Newspapers

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Senior Management and Boards of Directors (Article 9.10)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to the publishing (including printing and distribution) of newspapers.

Existing Measures: *Act on the Promotion of Newspapers, Etc.* (Law No. 11690, March 23, 2013)

Enforcement Decree of the Act on the Promotion of Newspapers, Etc. (Presidential Decree No. 22151, May 4, 2010)

29. Sector: Education Services - Pre-Primary, Primary, Secondary, Higher, Adult and Other Education

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)

Local Presence (Article 10.5)

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; graduate school universities; distance education at all education levels; and other education services.

30. Sector: Social Services - Human Health Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

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

31. Sector: Recreational, Cultural, and Sporting Services - Motion Picture Promotion, Advertising, or Post-Production Services, and Museum and Other Cultural Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Performance Requirements (Article 9.9)
Local Presence (Article 10.5)

Senior Management and Boards of Directors (Article 9.10)

Description: Cross-Border Trade in Services and Investment

1. Korea reserves the right to adopt or maintain any measure with respect to motion picture promotion, advertising, or post-production services regarding National Treatment (NT), Most-Favoured-Nation Treatment (MFN), Performance Requirements (PR), and Local Presence (LP) obligations.

2. Korea reserves the right to adopt or maintain any measure with respect to the conservation and restoration of cultural heritage and properties, including the excavation, appraisal, or dealing of cultural heritage and properties regarding National Treatment (NT), Performance Requirements (PR), Senior Management and Boards of Directors (SMBD), and Local Presence (LP) obligations.

Existing Measures: *Act on Promotion of Motion Pictures and Video Products* (Law No. 11902, July 16, 2013)

Enforcement Decree of the Act on Promotion of Motion Pictures and Video Products (Presidential Decree No. 24036, August 13, 2012)

Cultural Heritage Protection Act (Law No. 11228, January

26, 2012)

Enforcement Decree of the Cultural Heritage Protection Act
(Presidential Decree No. 23862, June 19, 2012)

Archaeological Heritage Protection and Survey Act (Law No.
10882, July 21 2011)

*Enforcement Regulations of the Archaeological Heritage
Protection and Survey Act* (Ordinance of the Ministry of
Culture, Sports and Tourism No. 78, February 16, 2011)

Act on the Cultural Heritage Repair, Etc (Law No. 11530,
December 11, 2012)

32. Sector: Other Recreational Services

Obligations Concerned: National Treatment (Article 9.3)

Description: Investment

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

33. Sector: Gambling and Betting Services

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Local Presence (Article 10.5)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)

Description: Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to gambling and betting services.

For greater certainty, **gambling and betting** includes such services supplied through electronic transmission and services that use *sa-haeng-seong-ge-im-mul*. *Sa-haeng-seong-ge-im-mul*, as defined in Article 2 of Korea's Game Industry Promotion Act, includes, inter alia, gaming instruments which result in financial loss or gain through betting or by chance.

Existing Measures: *Tourism Promotion Act* (Law No. 12406, March 11, 2014) Articles 5, 21 and 28

Special Act on the Assistance to the Development of Abandoned Mine Areas (Law No. 12154, January 1, 2014) Article 11

National Sports Promotion Act (Law No. 12348, January 28, 2014) Articles 24, 25 and 26

Enforcement Decree of the National Sports Promotion Act (Presidential Decree No. 25511, July 28, 2014) Articles 28 and 30

Korea Racing Association Act (Law No. 13146, February 3, 2015)

Traditional Bull Fighting Act (Law No. 13143, February 3, 2015)

Bicycle and Motorboat Racing Act (Law No. 12688, May 28, 2014) Articles 4, 19 and 24

Game Industry Promotion Act (Law No. 11998, August 6, 2013) Articles 2, 21 and 22

Act on Special Cases concerning Regulation and Punishment of Speculative Acts, etc. (Law No. 11690, March 23, 2013)

34. Sector: Foreign Professionals services – Foreign Legal Consultants, Foreign Certified Public Accountants, and Foreign Certified Tax Accountants

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)

Senior Management and Boards of Directors (Article 9.10)

Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

1. Regarding National Treatment (NT), Most-Favoured-Nation Treatment (MFN), Senior Management and Boards of Directors (SMBD), and Local Presence (LP) obligations, Korea reserves the right to adopt or maintain any measures including but not limited to:

- (a) restrictions on certification, approval, registration, admission, and supervision of, 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 partnerships, commercial associations, affiliations, or any other type of relationship regardless of legal form, with *byeon-ho-sa*

(Korean-licensed lawyers), Korean law firms, *beop-mu-sa* (Korean-certified judicial scriveners), *byeon-ri-sa* (Korean-licensed patent attorneys), *gong-in-hoe-gye-sa* (Korean-certified public accountants), *se-mu-sa* (Korean-certified tax accountants), or *gwan-se-sa* (Korean customs brokers);

- (c) restrictions on foreign country-licensed lawyers or foreign law firms hiring *byeon-ho-sa* (Korean-licensed lawyers), *beop-mu-sa* (Korean-certified judicial scriveners), *byeon-ri-sa* (Korean-licensed patent attorneys), *gong-in-hoe-gye-sa* (Korean-certified public accountants), *se-mu-sa* (Korean certified tax accountants), or *gwan-se-sa* (Korean customs brokers) in Korea; and,
- (d) restrictions on senior management and the board of directors of legal entities supplying foreign legal consulting services, including with respect to the chairman.

2. Notwithstanding paragraph 1, no later than the date this Agreement enters into force, Korea shall allow, subject to certain requirements consistent with this Agreement, law firms of the other party of this Agreement to establish representative offices (Foreign Legal Consultant offices or FLC offices) in Korea, and attorneys licensed in the other party of this Agreement to provide legal advisory services regarding the laws of the jurisdiction in which they are

licensed and public international law as foreign legal consultants in Korea.

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

For the purposes of this entry, **law firm of the other party** means law firm organized under laws of the other party and headquartered in the other party.

4. Korea reserves the right to adopt or maintain any measure with respect to public accountancy services, including those concerning ownership, partnership, nationality of executives and directors and the scope of services to be provided. Foreign public accountants intending to provide accountancy services in Korea must be domestically licensed and registered under the Certified Public Accountant Act. Their offices must be established within Korea.

5. Regarding National Treatment (NT), Senior Management and Boards of Directors (SMBD), Local Presence (LP), and Most-Favoured-Nation Treatment (MFN) obligations, Korea reserves the right to adopt or maintain any measures with respect to *se-mu-sa* (Korean-certified tax accountants) services including those concerning ownership, partnership, nationality of executives and directors and the scope of services to be provided. Foreign-certified tax accountants intending to provide *se-mu-sa* (Korean-certified tax accountants) services in Korea must be domestically licensed and

registered under the Certified Tax Accountant Act. Their offices must be established within Korea.

35. Sector: Business Services

Obligations Concerned: National Treatment (Article 10.2)

Local Presence (Article 10.5)

Description: Cross-Border Trade in Services

Korea reserves the right to adopt or maintain any measure with respect to the exportation and re-exportation of controlled commodities, software, and technology.

Only persons residing in Korea may apply for a license to export or re-export such commodities, software, or technology.

36. Sector: All Sectors

Obligations Concerned: National Treatment (Article 9.3)
Performance Requirements (Article 9.9)
Senior Management and Boards of Directors (Article 9.10)

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 10.1.6 (Scope), such as law enforcement and correctional services.

37. Sector: Transportation Services - Maritime Passenger Transportation and Maritime Cabotage

Obligations Concerned: National Treatment (Articles 9.3 and 10.2)
Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)
Senior Management and Boards of Directors (Article 9.10)
Performance Requirements (Article 9.9)
Local Presence (Article 10.5)

Description: Cross-Border Trade in Services and Investment

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

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:

- (a) a vessel owned by the Korean government, a state enterprise, or an institution established under the Ministry of Maritime Affairs and Fisheries;
- (b) a vessel owned by a Korean national;
- (c) a vessel owned by an enterprise organized under the Korean Commercial Code;
- (d) a vessel owned by an enterprise organized under foreign law that has its 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 there is more than one, all *dae-pyo-ja* must be Korean nationals.

For greater certainty, measures relating to the landside aspects of port activities are subject to the application of Article 21.2 (Essential Security).

38. Sector:

Private Investigation

Obligations Concerned:

National Treatment (Articles 9.3 and 10.2)

Most-Favoured-Nation Treatment (Articles 9.4 and 10.3)

Market Access (Article 10.4)

Senior Management and Boards of Directors (Article 9.10)

Performance Requirements (Article 9.9)

Local Presence (Article 10.5)

Description:

Cross-Border Trade in Services and Investment

Korea reserves the right to adopt or maintain any measure with respect to the provision of private investigation services.

39. Sector: All Sectors

Obligations Concerned: Market Access (Article 10.4)
National Treatment (Article 10.2)
Most-Favoured-Nation Treatment (Article 10.3)

Description: Cross-Border Trade in Services

Korea reserves the right to adopt or maintain any measure with regard to the temporary entry and stay of natural persons, subject to the categories included in Korea's schedule of specific commitments on Temporary Entry of Business Persons in Annex 11-A.

APPENDIX II-A

For the following Sectors, Korea's obligations under Article XVI of the General Agreement on Trade in Services 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) are improved as described.

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 and 2, “Unbound” for mode 3 and “Unbound except as indicated in the Horizontal Commitments section.” for mode 4</p> <p>Modify mode 1and 2 limitations from “Unbound” to “None”</p> <p>Insert new commitments with “None” for modes 1and 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 1and 2 limitations from “Unbound” to “None”</p>

For the following Sectors, Korea's obligations under Article XVI of the General Agreement on Trade in Services 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) are improved as described.

Sector/Subsector	Market Access Improvements
Services incidental to mining	Modify mode 1 and 2 limitations from "Unbound" to "None"
Packaging services	Modify mode 1 and 2 limitations from "Unbound" to "None"
Convention services other than Convention agency services	Insert new commitments with "None" for mode 1, 2 and 3 and "Unbound except as indicated in the Horizontal Commitments section" for mode 4
Building-cleaning services (CPC 874*, excluding 87409)	Insert new commitments with "Unbound*" for mode 1, "None" for modes 2 and 3, "Unbound except as indicated in the Horizontal Commitments section" for mode 4
Environment consulting services (CPC 9409*)	Insert new commitments with "None" for modes 1, 2 and 3 and "Unbound except as indicated in the Horizontal Commitments section" for mode 4

For the following Sectors, Korea's obligations under Article XVI of the General Agreement on Trade in Services 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) are improved as described.

Sector/Subsector	Market Access Improvements
<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 and 3 and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> <p>Insert new commitments with “None” for modes 1, 2 and 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>