

## **B. Schedule of Specific Commitments in Establishment<sup>1</sup>**

### **EXPLANATORY NOTES**

1. The list of commitments below (hereinafter referred to as “this Schedule”) indicates the economic activities liberalised pursuant to Article 7.13 and, by means of reservations, the market access and national treatment limitations that apply to establishments and investors of the EU Party in those activities. This Schedule is composed of the following elements:

- (a) the first column indicating the sector or sub-sector in which the commitment is undertaken by Korea, and the scope of liberalisation to which the reservations apply;
- (b) the second column describing the applicable reservations to Article 7.11 in the sector or sub-sector indicated in first column; and
- (c) the third column describing the applicable reservations to Article 7.12 in the sector or sub-sector indicated in first column.

Establishment in sectors or sub-sectors covered by this agreement and not mentioned in this Schedule is not committed.

2. Establishment in service sectors, which is already covered in Korea’s Schedule of Specific Commitments in Service Sectors, is not covered in this Schedule.

3. Measures inconsistent with both Articles 7.11 and 7.12 shall be inscribed in the column relating to Article 7.11. In this case, the inscription will be considered to provide a condition or qualification to Article 7.12 as well.<sup>2</sup>

4. Notwithstanding Article 7.11, non-discriminatory requirements as regards the types of legal form of an establishment do not need to be specified in this Schedule in order to be maintained or adopted by Korea.

5. Korea does not undertake any commitment under Articles 7.18 and 7.19 on key personnel, graduate trainees, and business service sellers in

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<sup>1</sup> The limitations on key personnel, graduate trainees and business services sellers, inscribed in “1. Horizontal Commitments” of the Schedule of Specific Commitments in Services Sectors, are also applied to the Schedule of Specific Commitments in Establishment, where relevant.

<sup>2</sup> For the purposes of this paragraph, treatment provided under Article 7.12 is no less favourable than that committed in free trade agreements to which Korea is a party and which will enter into force after the signature of this Agreement.

economic activities which are not liberalised pursuant to Article 7.13.

Korea's commitments undertaken under Articles 7.18 and 7.19 on key personnel, graduate trainees, and business service sellers do not apply in cases where the intent or effect of their temporary presence is to interfere with or otherwise affect the outcome of any labour/management dispute or negotiation.

Korea may take measures affecting natural persons seeking access to the employment market of Korea and measures regarding citizenship, residence or employment on a permanent basis.

Key personnel, graduate trainees, and business service sellers whose entries and temporary stays are permitted shall observe the immigration and labour laws of Korea.

6. In identifying individual sectors and sub-sectors: **ISIC rev 3.1** means the International Standard Industrial Classification of all Economic Activities as set out in Statistical Office of the United Nations, Statistical Papers, Series M, N° 4, *ISIC REV* 3.1, 2002.

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

8. In accordance with Article 7.1, this Schedule does not include measures concerning subsidies or grants provided by Korea, including government-supported loans, guarantees and insurance.

9. The rights and obligations arising from this Schedule shall have no self-executing effect and thus confer no rights directly on natural or juridical persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
ALL SECTORS INCLUDED IN THIS SCHEDULE	<p style="text-align: center;"><b><u>Acquisition of Land</u></b></p> <p>Unbound for measures 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:</p> <ul style="list-style-type: none"> <li>(1) is not deemed foreign under Article 2 of <i>the Foreigner's Land Acquisition Act</i>, and</li> <li>(2) is deemed foreign under <i>the Foreigner's Land Acquisition Act</i> or is a branch of a foreign juridical person, subject to approval or notification in accordance with <i>the Foreigner's Land Acquisition Act</i>, if the land is to be used for any of the following legitimate business purposes: <ul style="list-style-type: none"> <li>(a) ordinary business activities;</li> <li>(b) housing for senior management; or</li> <li>(c) fulfilling land-holding requirements stipulated by pertinent laws.</li> </ul> </li> </ul> <p>Unbound for measures with respect to the acquisition of farmland by foreign persons.</p>	
	<p style="text-align: center;"><b><u>Investment</u></b></p> <p>Unbound for measures with respect to the transfer or disposition of equity interests or assets held by state enterprises or governmental authorities.<sup>34</sup></p> <p>A foreigner who intends to make a foreign direct investment shall, in advance, make report to the Minister of Knowledge Economy in accordance with the Ordinance of the Minister of Knowledge Economy. The same limitation shall apply to any modification of matters such as the amount of foreign direct investment and the ratio thereof.</p> <p>Unbound for measures with respect to investments in the defense industry. Foreign investors who intend to acquire the outstanding shares of defense industry other than the newly issued ones shall obtain a prior permission from the Minister of Knowledge Economy.</p>	
	<p style="text-align: center;"><b><u>Disadvantaged Groups</u></b></p> <p>Unbound for measures 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.<sup>5</sup></p>	

<sup>3</sup> This reservation does not apply to former private enterprises that are owned by the state as a result of corporate reorganisation processes.

<sup>4</sup> For purposes of this reservation, "state enterprise" shall include any enterprise created for the sole purpose of selling or disposing of equity interests or assets of other state enterprises or governmental authorities.

<sup>5</sup> The measures for companies employing disadvantaged groups are applied in a non-discriminatory way.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
ALL SECTORS INCLUDED IN THIS SCHEDULE	<p align="center"><b><u>State-Owned National Electronic/Information System</u></b></p> <p>Unbound for measures 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. This reservation does not apply to payment and settlement systems related to financial services.</p>	
	<p align="center"><b><u>Firearms, Swords, Explosives, Etc.</u></b></p> <p>Unbound for measures with respect to the firearms, swords, and explosives sectors, including the manufacture, use, sale, storage, transport, import, export, and possession of firearms, swords, or explosives.</p>	
	<p align="center"><b><u>Atomic Energy</u></b></p> <p>Unbound for measures with respect to the atomic energy industry.</p>	
	<p align="center"><b><u>Electric Power Industry</u></b></p> <p>Unbound for measures with respect to electric power generation, transmission, distribution, and sale. Any such measure shall not decrease the level of aggregate foreign ownership permitted in the electric power industry as listed under sector D (a) a) (ISIC rev 3.1: 401).</p>	
	<p align="center"><b><u>Gas Industry</u></b></p> <p>Unbound for measures 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 aggregate foreign ownership permitted in the gas industry as listed under sector D (a) b) (ISIC rev 3.1: 402).</p>	
A. AGRICULTURE, HUNTING, FORESTRY		
(a) <u>Agriculture, hunting and related service activities</u> (ISIC rev 3.1: 011,012,013,015)	<p>Unbound for rice or barley farming.</p> <p>Foreign investors may not hold 50 percent or more of the equity interests of an enterprise engaged in beef cattle farming.</p>	Unbound for rice or barley farming.
(b) <u>Forestry and logging</u> (ISIC rev 3.1: 02)	None	None

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
B. MINING AND QUARRYING		
(a) <u>Mining of coal and lignite; extraction of peat</u> (ISIC rev 3.1: 10)	None	None
(b) <u>Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction, excluding surveying</u> (ISIC rev 3.1: 11)	None, under the following conditions:  (a) Submarine petroleum <sup>6</sup> extraction rights can be held only by the government; and  (b) These rights may be transferred to a licensee for a limited period, provided the applicant meets non-discriminatory and objectively assessed qualification requirements.	None
(d) <u>Mining of metal ores</u> (ISIC rev 3.1: 13)	None	None
(e) <u>Other mining and quarrying</u> (ISIC rev 3.1: 14)	None	None
C. MANUFACTURING		
(a) <u>Manufacture of food products and beverages</u> (ISIC rev 3.1: 15 excluding grain polishing )	None	None
(b) <u>Manufacture of tobacco products</u> (ISIC rev 3.1: 16)	None	None
(c) <u>Manufacture of textiles</u> (ISIC rev 3.1: 17)	None	None

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<sup>6</sup> "Petroleum" includes natural pitch and inflammable natural gas.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
(d) <u>Manufacture of wearing apparel; dressing and dyeing of fur</u> (ISIC rev 3.1: 18)	None	None
(e) <u>Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear</u> (ISIC rev 3.1: 19)	None	None
(f) <u>Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials</u> (ISIC rev 3.1: 20)	None	None
(g) <u>Manufacture of paper and paper products</u> (ISIC rev 3.1: 21)	None	None
(h) <u>Publishing, printing and reproduction of recorded media</u> (ISIC rev3.1: 22, excluding publishing and printing on a fee or contract basis ) <sup>7</sup>	None	None
(i) <u>Manufacture of coke oven products</u> (ISIC rev 3.1: 231)	None	None
(j) <u>Manufacture of refined petroleum products</u> (ISIC rev 3.1: 232)	None	None

<sup>7</sup> Publishing and printing on a fee or contract basis is to be found in BUSINESS SERVICES under Other Business Services. r).

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
(l) <u>Manufacture of chemicals and chemical products</u>		
a) Manufacturing of basic chemicals (ISIC rev 3.1 : 241 excluding manufacturing of radioisotope)	None	None
b) Manufacturing of other chemical products (ISIC rev 3.1 : 242)	None	None
c) Manufacturing of man made fibres (ISIC rev 3.1 : 243)	None	None
(m) <u>Manufacture of rubber and plastics products</u> (ISIC rev 3.1: 25)	None	None
(n) <u>Manufacture of other non-metallic mineral products</u> (ISIC rev 3.1: 26)	None	None
(o) <u>Manufacture of basic metals</u> (ISIC rev 3.1: 27)	None	None
(p) <u>Manufacture of fabricated metal products, except machinery and equipment</u> (ISIC rev 3.1: 28 excluding manufacturing of nuclear reactor)	None	None

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
<p>(q) <u>Manufacture of machinery and equipment n.e.c.</u></p> <p>a) Manufacture of general purpose machinery (ISIC rev 3.1: 291)</p> <p>b) Manufacture of special purpose machinery other than weapons and munitions (ISIC rev 3.1: 2921, 2922, 2923, 2924, 2925, 2926, 2929)</p> <p>c) Manufacture of domestic appliances n.e.c. (ISIC rev 3.1: 293)</p>	<p>None</p> <p>None</p> <p>None</p>	<p>None</p> <p>None</p> <p>None</p>
<p>(r) <u>Manufacture of office, accounting and computing machinery</u> (ISIC rev 3.1: 30)</p>	<p>None</p>	<p>None</p>
<p>(s) <u>Manufacture of electrical machinery and apparatus n.e.c.</u> (ISIC rev 3.1: 31)</p>	<p>None</p>	<p>None</p>
<p>(t) <u>Manufacture of radio, television and communication equipment and apparatus</u> (ISIC rev 3.1: 32)</p>	<p>None</p>	<p>None</p>



Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
(u) <u>Manufacture of medical, precision and optical instruments, watches and clocks</u> (ISIC rev 3.1: 33 excluding manufacturing of radiation generation facilities)	None	None
(v) <u>Manufacture of motor vehicles, trailers and semi-trailers</u> (ISIC rev 3.1: 34)	None	None
(w) <u>Manufacture of other (non-military) transport equipment</u> (ISIC rev 3.1: 35 excluding manufacturing of warships, warplanes and other transport equipment for military use)	None	None
(x) <u>Manufacture of furniture; manufacturing n.e.c.</u> (ISIC rev 3.1: 36)	None	None
(y) <u>Recycling</u> (ISIC rev 3.1: 37)	None	None
D. ELECTRICITY, GAS AND WATER SUPPLY		

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
<p>(a) <u>Electricity, gas, steam and hot water supply</u></p> <p>a) Energy industry - electric power generation other than nuclear power generation; electric power transmission, distribution and sales (ISIC rev 3.1: 401)</p>	<p>The aggregate foreign share of KEPCO's issued stocks may not exceed 40 percent. A foreign person may not become the largest shareholder of KEPCO.</p> <p>The aggregate foreign share of power generation facilities, including cogeneration facilities of heat and power (GHP) for the district heating system (DHS), may not exceed 30 percent of the total facilities in the territory of Korea.</p> <p>The aggregate foreign share of electric power transmission, distribution and sales businesses should be less than 50 percent. A foreign person may not be the largest shareholder.</p> <p>A single shareholder's share of KEPCO's equity interests may not exceed 3 percent.</p>	
<p>b) Manufacture of gas; distribution of gaseous fuels through mains (ISIC rev 3.1: 402)</p>	<p>Foreign persons, in the aggregate, may not own more than 30 percent of the equity interests of KOGAS.</p> <p>A single shareholder's share of KOGAS's equity interests may not exceed 15 percent.</p>	
<p>c) Steam and hot water supply (ISIC rev 3.1: 403)</p>	None	None