

## ANNEX I EXPLANATORY NOTES

1. The Schedule of a Party in this Annex sets out, in accordance with Articles 9.8 (Non-Conforming Measures) and 10.6 (Non-Conforming Measures), the Party'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-Favored-Nation Treatment) or 10.3 (Most-Favored-Nation Treatment);
- (c) Article 10.5 (Local Presence);
- (d) Article 9.6 (Senior Management and Boards of Directors);
- (e) Article 9.7 (Performance Requirements); or
- (f) Article 10.4 (Market Access).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the general sector for which the entry is made;
- (b) **Sub-Sector** refers to the specific sector for which the entry is made;
- (c) **Obligations Concerned** specifies the article(s) referred to in paragraph 1 that, in accordance with Articles 9.8.1(a) and 10.6.1(a), shall not apply to the non-conforming aspects of the law, regulation, or other measure, as set out in paragraph 3;
- (d) **Level of Government**<sup>1</sup> indicates the level of government maintaining the scheduled 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 commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the measure for which the entry is made.

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<sup>1</sup> If none is specified, the measure is maintained at the central level of government.

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 9.8.1(a) and 10.6.1(a), and subject to Articles 9.8.1(c) and 10.6.1(c), the Articles of this Agreement specified in the **Obligations Concerned** element of an entry shall not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that entry.

5. Where a Party 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-Favored-Nation Treatment), or 10.5 (Local Presence) shall operate as a Schedule entry with respect to Article 9.3 (National Treatment), 9.4 (Most-Favored-Nation Treatment), or 9.7 (Performance Requirements) to the extent of that measure.

6. For greater certainty, Local Presence (Article 10.5) and National Treatment (Article 10.2) are separate disciplines and a measure that is only inconsistent with Local Presence (Article 10.5) need not be reserved against National Treatment (Article 10.2).

7. A measure that may establish requirements regarding the types and quantities of raw materials for producing liquor under Korea's *Liquors Act* (Law No. 8837, January 9, 2008) and its subordinate regulations is not inconsistent with Article 9.7 (Performance Requirements), provided that it is applied in a manner consistent with the Agreement on Trade-Related Investment Measures, contained in Annex 1A to the WTO Agreement.