



Committee on Regional Trade Agreements

FACTUAL PRESENTATION

**FREE TRADE AGREEMENT BETWEEN THE UNITED KINGDOM AND THE REPUBLIC OF KOREA
(GOODS AND SERVICES)**

Report by the Secretariat

This report, prepared for the consideration of the Free Trade Agreement between the United Kingdom and the Republic of Korea, has been drawn up by the WTO Secretariat on its own responsibility and in full consultation with the Parties. The factual presentation reproduces as closely as possible the terminology used in the Agreement and in the comments provided and does not imply official endorsement or acceptance by the Secretariat of such terminology. The report has been drawn up in accordance with the rules and procedures contained in the Decision for a Transparency Mechanism for Regional Trade Agreements (WT/L/671) and thus does not imply any value judgement by the Secretariat regarding the contents of the Agreement.

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Key Facts

Parties to the Agreement:	United Kingdom and the Republic of Korea
Date of Signature:	22 August 2019
Date of Entry into Force:	01 January 2021
Date of Notification:	31 December 2020
Full implementation:	01 July 2031

The Factual Presentation describes the Free Trade Agreement between the United Kingdom and the Republic of Korea (hereinafter the Agreement) which was concluded by the Parties and entered into force on 01 January 2021. The Agreement is based on the Free Trade Agreement between the European Union and its Member States and the Republic of Korea (hereinafter the EU-Korea Agreement), signed at Brussels on 6 October 2010 and is a comprehensive agreement which establishes an economic association between the UK and Korea. The purpose of the Agreement is to maintain the effects and continuity of the EU-Korea Agreement in a bilateral context.

1 TRADE ENVIRONMENT

1.1. The Agreement is one of the 38 RTAs in force notified to the WTO by the United Kingdom and the 20th RTA in force and notified to the WTO by Korea.

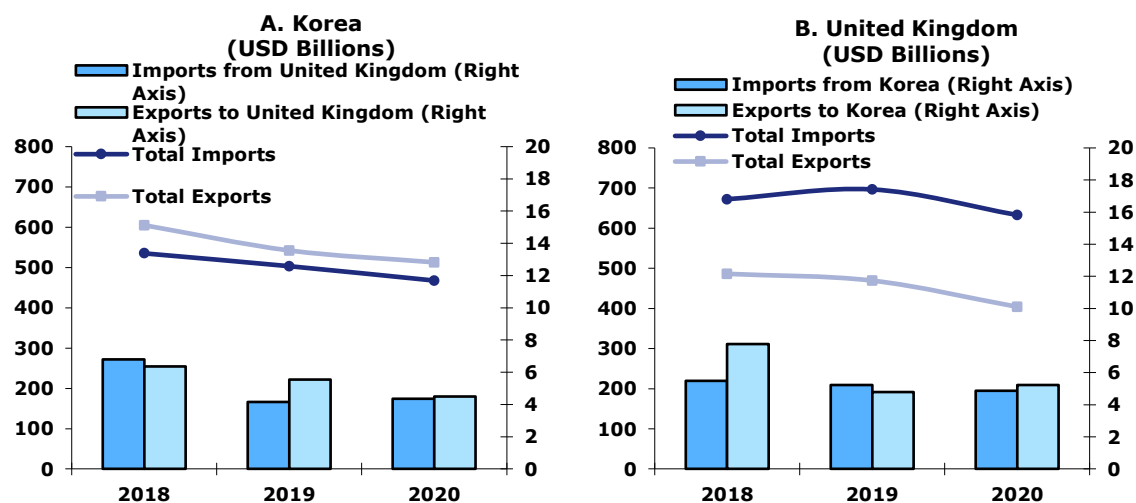
1.1 Merchandise trade

1.2. In 2020, the UK recorded a global merchandise trade deficit with exports of USD 403.9 billion and imports of USD 632.6 billion in 2020 (Chart 1.1). In the same period, Korea's global merchandise trade balance was positive with exports totalling USD 512.7 billion and imports equal to USD 467.5 billion in 2020. In the same year, Korea was the 6th largest global exporter and the 7th largest global importer of merchandise (respectively 2.9% of world exports and 2.6% of world imports), while the UK was the 8th largest exporter and the 5th largest importer (respectively 2.3% of world exports and 3.6% of global imports).¹ Both Parties' trade is dominated by manufactured products which made up 87.3% and 60.2% of Korea's merchandise exports and imports respectively, and 71.6% and 66.1% of exports and imports respectively for the UK.

1.3. Korea was UK's 16th largest source of imports (0.8% of UK's total imports) and 12th largest destination for exports (1.3% of UK's total exports), while the UK was Korea's 20th largest source of imports and export destination (0.9% of total imports and exports).² Data from UNSD Comtrade (left panel of Chart 1.1) shows a positive balance in favour of Korea in 2019 and 2020 and a negative balance in 2018; data provided by the UK authorities (right panel of Chart 1.1) show a positive trade balance in favour of the UK in 2018 and 2020 and a negative balance in 2019.

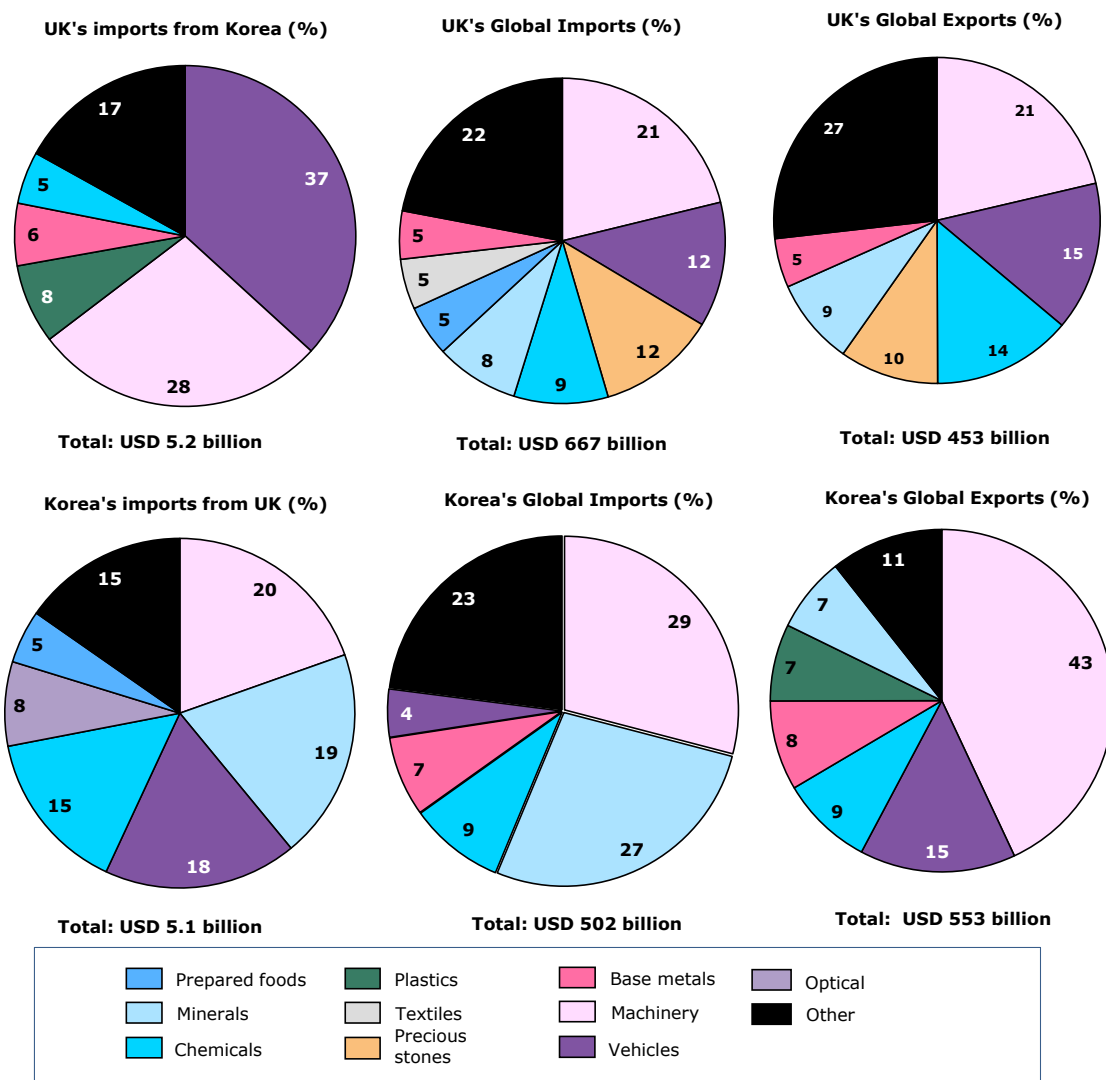
¹ WTO Trade Profiles 2021. Data exclude intra-EU trade.

² Data provided by UK authorities and UNSD Comtrade. Data exclude intra-EU trade.

Chart 1.1 Korea-UK: Merchandise bilateral and global trade, 2018-2020

Source: Based on data provided by the Parties and UNSD, Comtrade database.

1.4. The commodity structure of global and bilateral trade of the Parties in the period 2018-2021 is shown in Chart 1.2 on the basis of Harmonized System (HS) sections. The UK's imports from Korea were less diversified than its global imports with vehicles and machinery accounting for almost two thirds of the UK's goods imports from Korea. The same products were Korea's largest exports respectively accounting for 15% and 43% of its exports. The bilateral and global commodity structure of Korea's imports are relatively similar. The four commodities most imported by Korea from the UK were machinery, minerals, vehicles and chemicals, with shares between 15% and 20% of bilateral imports. Machinery, vehicles and chemicals were also the largest UK's global exports with shares of 21%, 15% and 14% of its global exports.

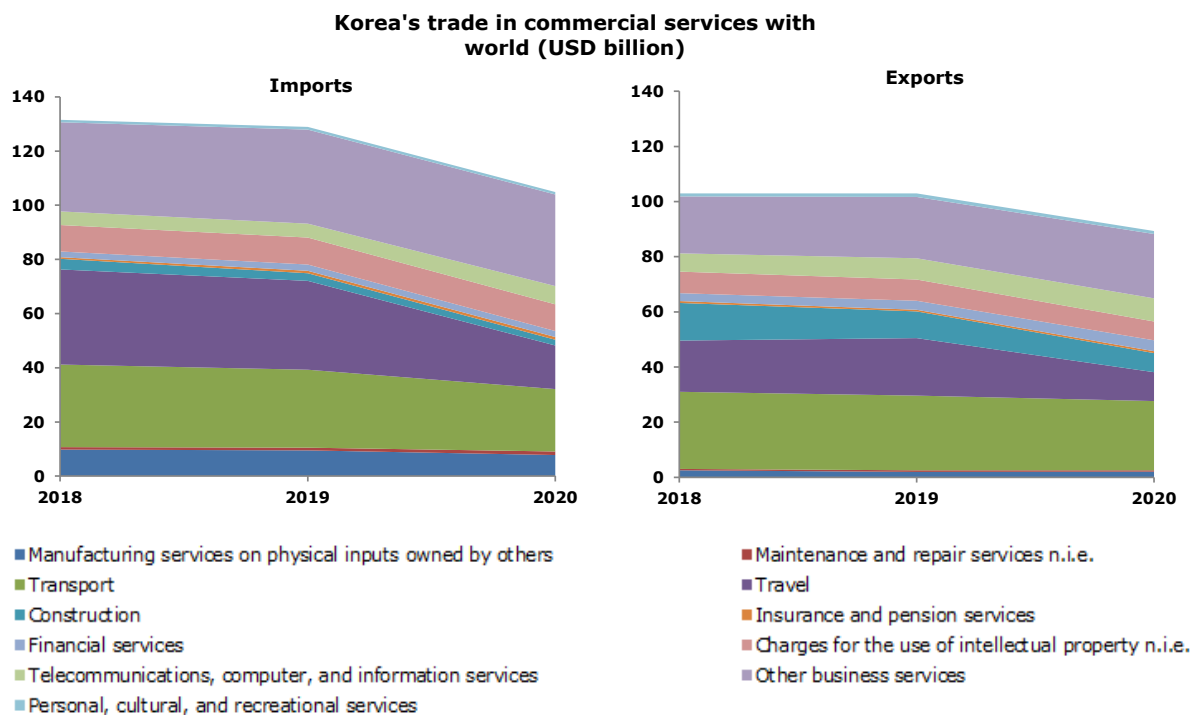
Chart 1.2 Korea-UK: Product composition of merchandise trade by HS Section, annual average (2018-2020)

Source: Based on data provided by the Parties and UNSD, Comtrade database.

1.2 Trade in services and investment

1.5. In 2020 and excluding intra-EU trade, Korea was the world's 9th largest exporter and importer of commercial services, while the UK ranked the world's 3rd largest exporter and 4th largest importer. Korea's share in commercial services trade corresponded to 1.8% of global commercial services exports (valued at USD 86 billion) and 2.2% of world commercial services imports (valued at USD 102 billion). In comparison, the UK's corresponding shares were 6.9% of world exports (valued at USD 339 billion) and 4.4% of world imports (valued at USD 201 billion).

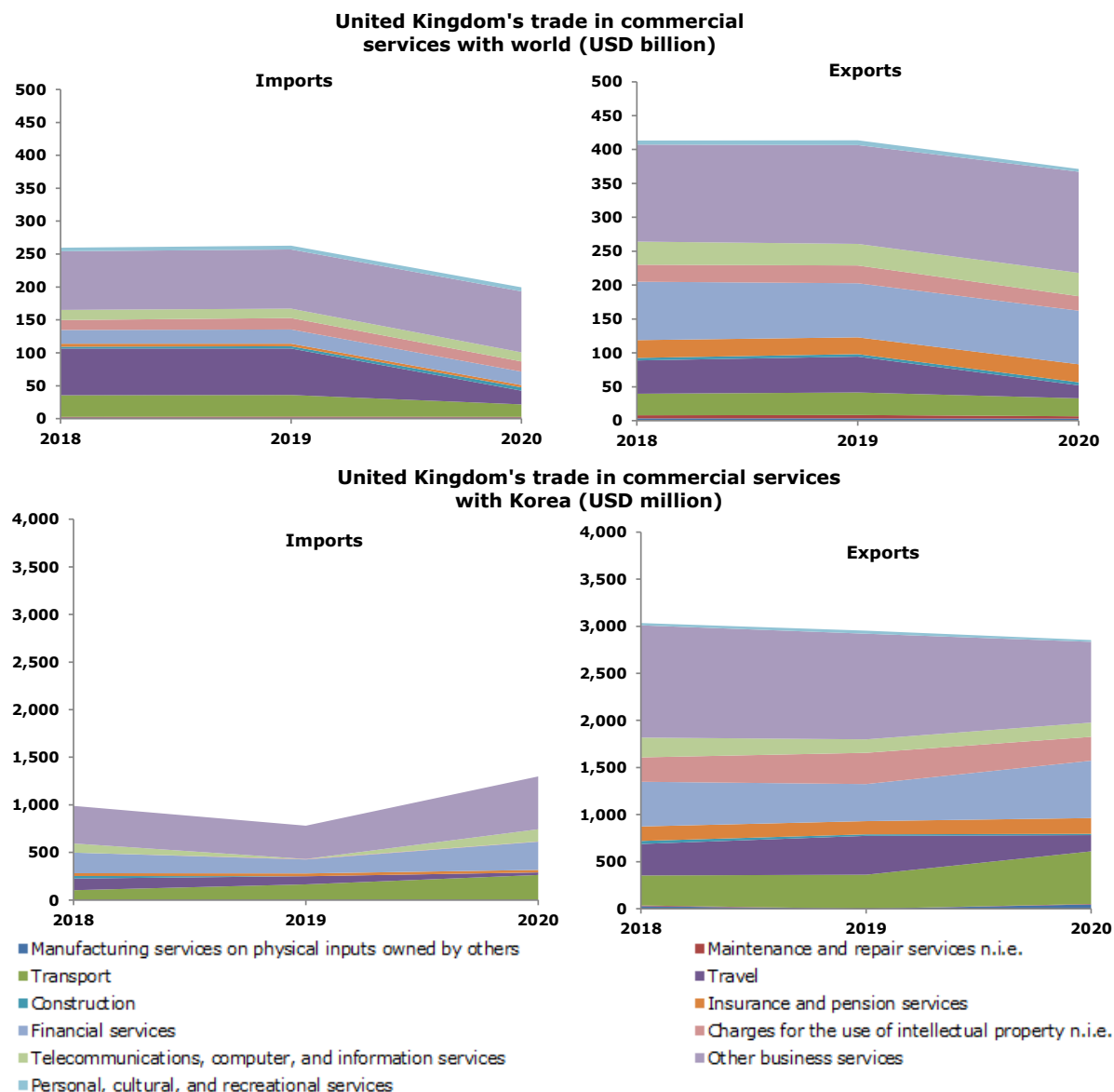
1.6. Chart 1.3 depicts Korea's trade in commercial services for the period 2018-2020. Both imports and exports to the world decreased over the period, with imports decreasing faster, leading to a reduction in Korea's global trade deficit. There have not been significant changes in the sectoral composition of Korea's services exports and imports. Transport services, other business services and travel services accounted for around 66% of total exports and 69% of total imports in 2020.

Chart 1.3 Korea: Trade in commercial services with world (2018-2020)

Source: Korean authorities.

1.7. Chart 1.4 shows the evolution of global and bilateral trade in commercial services for the UK for the period 2018-2020. Both imports and exports to the world decreased over the period with imports decreasing faster leading to an increase in the UK's global trade surplus. There have not been significant changes in the sector composition of UK's services exports and imports except for the sharp decline of travel services trade. Other business services are by far the largest imported and exported sector and accounted for around 40% of total exports and 46% of total imports in 2020. Financial services and telecommunication services are the second and third largest global exports while financial services and travel are the second and third largest global imports.

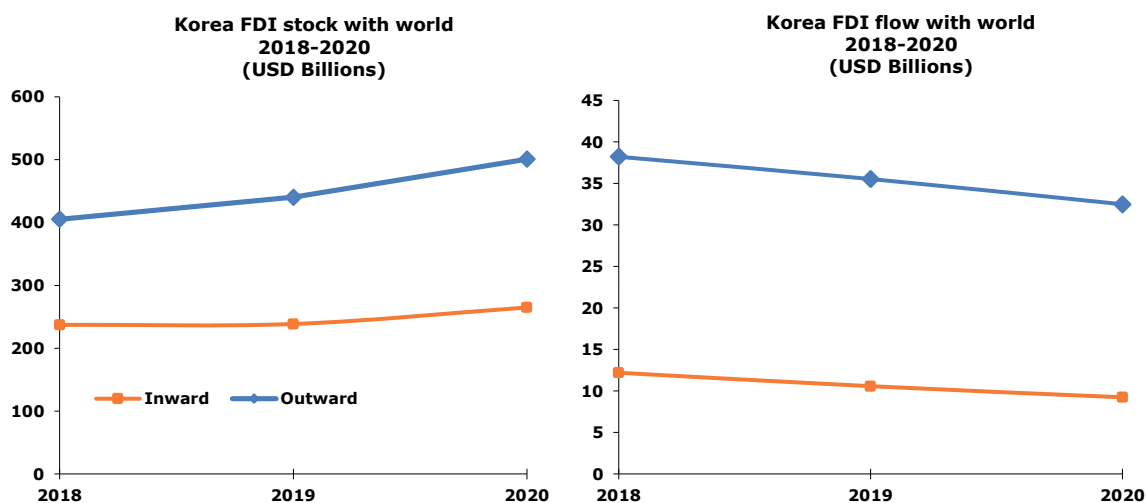
1.8. While imports from Korea decreased in 2019 to increase in 2020, exports to Korea declined over the period causing a reduction in UK's bilateral trade surplus in 2020. As for global trade, other business services and financial services are the largest trade categories with Korea in 2020, corresponding to 30.1% and 21.4% of exports and 42.7% and 22.8% of imports respectively.

Chart 1.4 United Kingdom: Trade in commercial services with world and Korea (2018-2020)

Notes: Exchange rates from GBP to USD: 0.75 (2018), 0.78 (2019), 0.78 (2020)
 No bilateral exports on manufacturing services on physical inputs owned by others and maintenance and repair services, n.i.e. for 2019.
 No bilateral imports on manufacturing services on physical inputs owned by others, maintenance and repair services, n.i.e. and personal, cultural and recreational services for 2018-2020; construction for 2019 and 2020; charges for the use of intellectual property, n.i.e. for 2018; telecommunications, computer and information services for 2019.

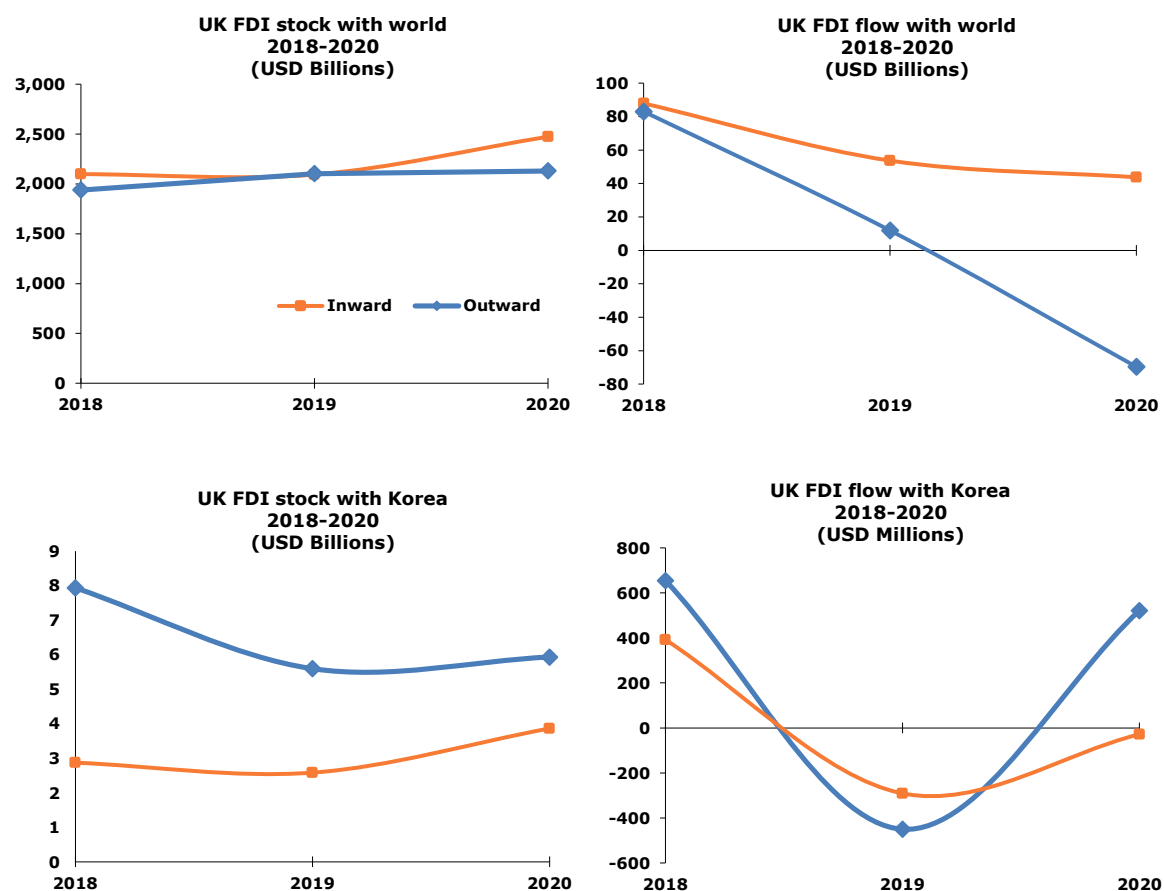
Source: UK authorities.

1.9. Chart 1.5 and Chart 1.6 depict the Parties' global and bilateral foreign direct investment stocks and flows for the period 2018-2020. Korea was a net source of FDI stocks. The UK was a net recipient of FDI stocks in 2018 and 2020 and of flows throughout the period. At a bilateral level, the UK's outward FDI stocks were larger than inward stocks. Bilateral inward and outward flows declined in 2019 but recovered in 2020 although inward flows remained negative.

Chart 1.5 Korea: FDI stock and flow with the United Kingdom and the world

Note: No bilateral FDI stock.

Source: Korean authorities and UNCTADStat (2017 and 2020 global FDI data).

Chart 1.6 United Kingdom: FDI stock and flow with Korea and world, 2017-2019

Notes: No bilateral outward FDI Flow for 2017.

Exchange rates GBP per USD: 0.78 (2017), 0.75 (2018) and 0.78 (2019).

Source: UK authorities.

2 CHARACTERISTIC ELEMENTS OF THE AGREEMENT

2.1 Background information

2.1. The Agreement was signed on 22 August 2019 and notified to the WTO on 31 December 2020 under Article XXIV:7(a) of GATT 1994 and Article V:7(a) of the GATS (see documents WT/REG431/N/1 - S/C/N/1029). It entered into force on 1 January 2021.

2.2. The text of the Agreement, together with its annexes, is available on the Parties' official websites:

Republic of Korea: <https://www.fta.go.kr/main/situation/kfta/lov3/uk/2/>

United Kingdom: <https://www.gov.uk/government/publications/ukkorea-free-trade-agreement-with-exchange-of-notes-cs-korea-no12019>

2.3. The Agreement is composed of fifteen Chapters. A number of Annexes, including the Parties' tariff elimination schedules and the lists of services and investment commitments and three Protocols also form part of the Agreement. The Agreement replicates the provisions of the EU-Korea Agreement which are described in the factual presentation of the EU-Korea Agreement (document WT/REG269/1/Rev.1) which should be read in conjunction with this factual presentation. Box 2.1 below summarizes the structure of the Agreement.

Box 2.1 Structure of the Agreement

Chapters	Description
Chapter One	Objectives and general definitions
Chapter Two	National treatment and market access for goods
Chapter Three	Trade remedies
Chapter Four	Technical barriers to trade
Chapter Five	Sanitary and phytosanitary measures
Chapter Six	Customs and trade facilitation
Chapter Seven	Trade in services, establishment and electronic commerce
Chapter Eight	Payments and capital movements
Chapter Nine	Government procurement
Chapter Ten	Intellectual property rights
Chapter Eleven	Competition
Chapter Twelve	Transparency
Chapter Thirteen	Trade and sustainable development
Chapter Fourteen	Dispute settlement
Chapter Fifteen	Institutional, general and final provisions
Protocols:	
Protocol concerning the definition of "originating products" and methods of administrative cooperation	
Protocol on cultural cooperation	
Protocol on mutual administrative assistance in customs matters	

Source: WTO Secretariat based on the Agreement.

2.4. The Agreement establishes a free trade area on goods, services, establishment and associated rules (Article 1.1).

2.5. References in the Agreement to European Union or Korean legislation are to be read as references to that legislation as amended or replaced on the date of entry into force of the

Agreement, provided that they do not reduce market access or increase barriers to trade (Article 1.3).

2.6. The Agreement applies to i) the territory of the UK and the territories for whose international relations it is responsible to the extent that and under the conditions which the EU-Korea Agreement applied immediately before that agreement ceased to apply to the UK³ and ii) the territory of Korea (Article 15.5).

3 PROVISIONS ON TRADE IN GOODS

3.1. Chapters 2-6 of the Agreement cover trade in goods with provisions on national treatment and market access, trade remedies, technical barriers to trade, sanitary and phytosanitary measures and customs and trade facilitation.

3.1 Import duties and charges, and quantitative restrictions

3.1.1 General provisions

3.2. The Parties eliminate their customs duties on originating goods in accordance with the schedules in Annex 2-A of the Agreement (Article 2.5). Acceleration and broadening of the scope of the elimination of customs may take place as a result of consultations between the Parties which may take place at the request of a Party three years after the entry into force of the Agreement.

3.3. Import prohibitions or restrictions that are inconsistent with GATT Article XI obligations and with any other relevant provision under the WTO Agreement are prohibited (Article 2.9).

3.1.2 Liberalization of trade and tariff lines

3.4. Tariff liberalization under the Agreement is a continuation of the liberalization under the EU-Korea Agreement. Annex 2-A includes the Parties' schedules for the elimination of customs duties which follows 12 linear staging categories with equal annual stages beginning on 1 July 2011, 4 non-linear staging categories and 2 staging categories for seasonal duties. The Annex also includes category "E" indicating that duties shall remain at base rates and category "X" indicating no obligations regarding customs duties.⁴

3.1.3 Liberalization schedule

3.5. The tariff analysis below provides a comparison between the liberalization under the Agreement and the MFN applied tariff in order to show the reciprocal preferential access to each other's market compared to the conditions for third parties subject to MFN rates.

3.1.3.1 Korea

3.6. Table 3.1 shows the tariff and trade liberalization offered by Korea under the Agreement. In 2021, 19.6% of Korea's tariff lines were duty free on an MFN basis, corresponding to 17.8% of its imports from the UK in 2018-2020.⁵ At the beginning of 2021 74.2% of Korea's tariff (81.6% of imports) was already duty free for products originating in the UK as a result of the liberalization afforded by the EU-Korea Agreement. On 1 July 2021, an additional 486 lines became duty free under the Agreement. Most of the dutiable tariff are to be eliminated in different stages leaving duties on 69 lines at the end of the implementation in 2031.⁶

³ Notwithstanding this paragraph, the Agreement shall not apply to the Sovereign Base Areas of Akrotiri and Dhekelia in Cyprus.

⁴ Given that the staging categories are the same as under the EU-Korea Agreement implementing the liberalization starting from 1 July 2011, not all staging categories are relevant for the Agreement as the liberalization was already completed before the entry into force.

⁵ Of the 12,242 lines in Korea's schedule, 12,154 (99.3%) were *ad valorem* while 88 lines (0.7%) were mixed.

⁶ Under the EU-Korea Agreement 57 lines are to remain dutiable at the end of implementation (see document WT/REG296/1/Rev.1). The difference between the two agreements is due to the different HS nomenclature utilized.

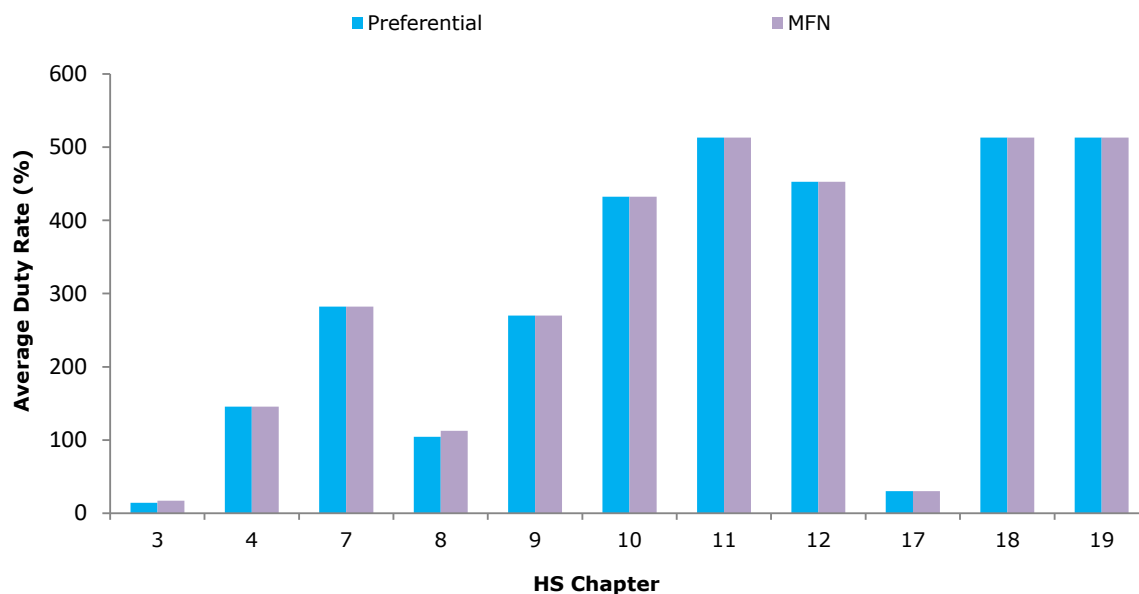
HS Section	MFN Avg %	Number of lines	Duty-free lines under MFN 2021	Number of duty-free lines under the Agreement								Remaining dutiable lines	Avg. Final Tariff (Dutiable)
				2021 (from 1 January to 30 June)	2021 (1 July)	2023	2024	2026	2028	2029	2031		
XIX	3.4	81	47	34									
XX	5.4	280	91	189									
XXI	0.0	15	15										
Total	13.9	12,242	2,404	9,083	486	28	39	116	1	14	2	69	315.9

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* parts of alternate rates are included. Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Korean authorities and the WTO-IDB.

3.8. At a more disaggregated level, duties will remain in twelve Chapters concerning agricultural products (Chart 3.1). With the exception of Chapters 3 and 8, all duties at the end of implementation are equal to the MFN rates. The highest tariffs will be applied to a total of 10 lines in Chapters 11 (products of the milling industry), 18 (cocoa) and 19 (preparations of cereals) with average rates equal to 513%.

Chart 3.1 Korea: Average of dutiable rates, by HS Chapter



Note: For the calculation of averages, specific rates are excluded, and the *ad valorem* parts of alternate rates are included. Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Korean authorities.

3.1.3.2 United Kingdom

3.9. Table 3.3 shows the tariff and trade liberalization offered by the UK under the Agreement. In 2021, 47% of the UK's tariff lines were duty free on an MFN basis, corresponding to 47.1% of its imports from Korea in 2018-2020.⁷ At the beginning of 2021, 52.6% of the UK's tariff (52.9% of

⁷ Of the 9,494 lines in the UK's schedule, 8,613 (90.7%) were *ad valorem*, 647 lines (6.8%) had specific duties, 230 (2.4%) had compound duties and 4 had mixed duties.

imports) were already duty free for products originating in Korea as a result of the liberalization afforded by the EU-Korea Agreement. 36 lines remain dutiable at the end of the implementation.⁸

Table 3.3 United Kingdom: Tariff elimination commitments under the Agreement and corresponding average trades

Duty phase-out period	Tariff lines in UK's tariff schedule		UK's imports from Korea, Republic of (2018-2020) ^a	
	Number	%	Value (USD million) ^b	%
2021 (MFN)	4,462	47.0	2,384.0	47.1
2021	4,996	52.6	2,677.5	52.9
Remain dutiable	36	0.4	0.3	0.0
Total	9,494	100.0	5,061.8	100.0

a Import coverage is for HS chapters 1-97.

b Exchange rates from GBP to USD: 0.750 (2018), 0.783 (2019) and 0.780 (2020).

Note: Tariff lines subject to in-quota rates are excluded in the computation.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by UK.

3.10. Table 3.4 shows the UK's tariff liberalization by HS Section. The 36 remaining dutiable lines for imports from Korea are in HS Sections II (vegetable products) and IV (prepared foodstuffs) with average tariff of 6%.

Table 3.4 United Kingdom: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2021			Duty Free Lines under the Agreement (2021)	Remain Dutiable	Avg. Dutiable Tariff
	Avg. Tariff (%)	No. of lines	Duty free lines			
I	8.9	956	109	847		
II	4.4	554	213	307	34	6
III	4.8	129	30	99		
IV	12.9	869	119	748	2	6
V	0.4	231	202	29		
VI	2.7	1,226	550	676		
VII	3.7	301	86	215		
VIII	1.4	130	73	57		
IX	1.1	235	189	46		
X	0.0	195	195			
XI	7.0	1,149	243	906		
XII	7.3	106	17	89		
XIII	2.0	234	162	72		
XIV	0.5	58	47	11		
XV	0.6	955	804	151		
XVI	0.7	1,338	981	357		
XVII	3.7	286	121	165		
XVIII	0.6	299	218	81		
XIX	1.4	22	7	15		
XX	1.4	214	89	125		
XXI	0.0	7	7			
Total	3.8	9,494	4,462	4,996	36	6

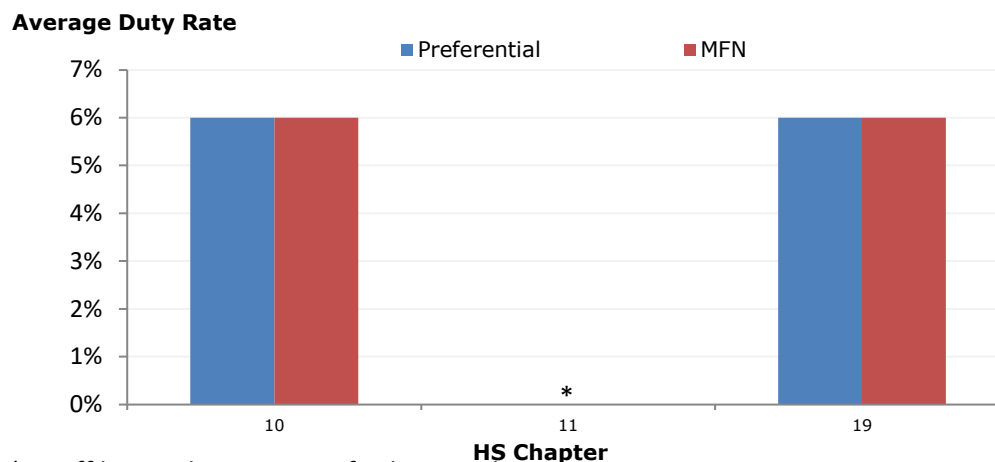
Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. For the tariff lines subject to seasonal duties (0302.41.00, 0302.43.90, 0302.44.00, 0303.51.00, 0303.53.90, 0303.54.10, 0303.89.40, 0304.59.50, 0304.99.23, 0702.00.00, 0708.10.00, 0805.10.22, 0805.10.24, 0805.10.28, 0808.10.80, 0808.30.90, 0809.29.00 and 0809.40.05) the average rate for the entire year is used for the calculation. The products classified beyond the HS 8-digit level are counted once and their tariff rates are averaged to the 8-digit level.

Source: WTO estimates based on data provided by the UK.

⁸ Under the EU-Korea Agreement 42 lines are to remain dutiable once full implementation is achieved (see document WT/REG296/1/Rev.1). The difference between the two agreements is due to the different HS nomenclature utilized.

3.11. At a more disaggregated level, duties will remain in Chapters 10, 11 and 19 (Chart 3.2). All remaining duties at the end of implementation are equal to the MFN rates with tariff lines in Chapter 11 subject to specific duties.

Chart 3.2 United Kingdom: Average of dutiable rates, by HS Chapter



* Tariff lines subject to specific duties only

Note: Tariff lines subject to in-quota rates are excluded from the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. For the tariff lines subject to seasonal duties, the average rate for the entire year is used for the calculation. The products classified beyond the HS 8-digit level are counted once and their tariff rates are averaged to the 8-digit level.

Source: WTO estimates based on data provided by the UK.

3.12. Appendix 2-A-2 of the Agreement contains the modifications to the entry price scheme for certain fruits and vegetables that were already included in the EU-Korea Agreement. The UK committed to remove the *ad valorem* customs duty for the products listed in the Appendix. The specific duty component for some of the products (including cucumber, fresh pears and cherries, unfermented grape juice and must, and other fruits and vegetables) were eliminated before the entry into force of the Agreement as a consequence of the EU-Korea Agreement. Specific duties on other products such as citrus, table grapes and fuji apples will be eliminated in 15 or 20 years of the entry into force of the EU-Korea Agreement. Specific duties on fresh or chilled tomatoes, fresh sweet oranges and fresh or dried monreals and satsumas remain in force.

3.1.4 Tariff rate quotas

3.13. Appendix 2-A-1 sets out modifications to the harmonised tariff schedule of Korea reflecting TRQs under the Agreement. Korea scheduled TRQs on 6 products of malt and malting barley, and animal supplementary feeds.⁹ Table A2.1 in Annex 2 of the factual presentation shows the specific HS codes, in and out of quota rates and quantities and their evolution over time. The TRQ quantities for imports from the UK shall not be counted towards the quota quantity of any TRQ provided for such goods in the Harmonised Tariff Schedule of Korea suggesting that the TRQ commitments are in addition to Korea's WTO TRQs.

3.14. The UK does not impose TRQs under the Agreement.¹⁰

⁹ In 2020, in addition to the products included in the Agreement, Korea maintained TRQs at the WTO on, *inter alia*, a number of animal and animal products (e.g. cattle and swine), milk products (e.g. milk powder and butter), honey, vegetables (e.g. potatoes, onions and peppers), citrus, cereals (e.g. rice and maize), fermented alcohol and silk.

¹⁰ In 2021, the UK imposed TRQs at the MFN level on a number of products such as certain animal products, vegetables, fruits, cereals, meat, foodstuffs, wine and wood products.

3.2 Rules of origin

3.15. Rules of origin are included in the Protocol concerning the definition of originating products and methods of administrative cooperation and are the same as under the EU-Korea Agreement.

3.16. Products are considered as originating in a Party if they are i) wholly obtained, ii) obtained in a Party incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing or iii) obtained in a Party exclusively from materials that qualify as originating (Article 2 of the Protocol).

3.17. Product specific rules are contained in Annex II of the Protocol. For most products in HS Chapters 1 to 16, origin is conferred when manufactured from wholly obtained materials in a Party. For other products, a change in tariff classification (CTC), a value-added rule or a combination of the two is used.¹¹ For textiles and textiles articles, the specific rules are in most cases a specific manufacturing operation, with a maximum value of non-originating materials rule used only for a few cases. The value-added criterion is also generally used as a determining condition for products of HS Chapters 84 to 94. Article 5 also provides for a tolerance rule allowing non-originating materials in the manufacture of a product as long as their total value does not exceed 10 percent of the ex-works price of the product and any of the percentages given in the list in Annex II for the maximum value of non-originating materials are not exceeded.

3.18. Article 3 of the Protocol provides for bilateral cumulation and cumulation of EU materials and processing for 3 years after the entry into force of the Agreement. Not later than two years after the entry into force of the Agreement, the Parties shall review the Article to ensure continued, mutually beneficial rules of origin in bilateral trade.

3.19. Annex II(a) includes origin quotas under the Agreement. Compared to the EU-Korea Agreement, origin quotas have been modified based on their past usage: quotas for products such as biscuits, cigarettes, cotton sewing thread, cotton yarn, sewing thread and yarn have been removed while quotas on preparations of surimi and woven fabrics have been reduced.

3.20. Article 12 of the Protocol includes a principle of territoriality. At the same time, it allows outward processing on materials exported from Korea and subsequently re-imported, provided that the working or processing is done in the areas designated by the Parties pursuant to Annex IV establishing a Committee on Outward Processing Zones on the Korean Peninsula. The Committee shall meet at least once a year to identify areas that may be designated outward processing zones. The Parties agreed to hold the first meeting of the Committee on Outward Processing Zones after the first year of entry into force. However, the Committee has not yet had reason to meet.

3.3 Export duties and charges, and quantitative restrictions

3.21. Export prohibition or restriction inconsistent with GATT Article XI obligations and with any other relevant provision under the WTO Agreement, and duties, taxes or other fees and charges on exports are prohibited (Articles 2.9 and 2.11).

3.4 Regulatory provisions on trade in goods

3.4.1 Standards

3.4.1.1 Sanitary and phytosanitary measures

3.22. Chapter 5 covers SPS measures. The Parties affirm their rights and obligations under the WTO SPS Agreement (Article 5.4). In addition, it includes, *inter alia*, transparency and cooperation measures (Article 5.5) and also the application and development of international standards (Article 5.6). A Committee on SPS measures is established in Article 5.10. The first Committee meeting was held on 24 May 2022. The dispute settlement mechanism of the Agreement is not applicable to SPS matters (Article 5.11).

¹¹ The maximum value for non-originating materials ranges between 25% and 60% of the ex-works price of the product.

3.4.1.2 Technical barriers to trade

3.23. Chapter 4 covers TBT measures. The Parties affirm their rights and obligations under the WTO Agreement on TBT which is incorporated into and made part of the Agreement (Article 4.1). Chapter 4 does not apply to governmental bodies' technical specifications for their production or consumption requirements, or SPS measures (Article 4.2). It contains provisions on joint cooperation (Article 4.3), technical regulations (Article 4.4) and standards (Article 4.5).

3.4.2 Safeguard mechanisms

3.4.2.1 Global safeguards

3.24. Section C of Chapter Three covers global safeguard measures. The Parties' rights and obligations under GATT Article XIX and the WTO Agreement on Safeguards are retained, and the Agreement does not confer any additional right on the Parties (Article 3.7). At the request of the other Party, the Party intending to take safeguard measures shall provide immediately ad hoc written notification of all pertinent information on the initiation of a safeguard investigation, the provisional and final findings of the investigation. Neither Party may apply at the same time a global and a bilateral safeguard measure on the same good.

3.25. The Parties cannot use the RTA's dispute settlement mechanism for any matter arising under Section C of Chapter Three (global safeguard measures).

3.4.2.2 Bilateral safeguards

3.26. A Party may adopt bilateral safeguard measures if, as a result of the reduction or elimination of a customs duty under the Agreement, originating goods of the other Party are imported in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to a domestic industry producing like or directly competitive goods (Article 3.1). Bilateral safeguard measures can take the form of i) a suspension of further reductions in the rate of customs duty for the goods in question or ii) an increase in the rate of customs duty on the good to a level which does not exceed the lesser of the MFN applied rate in effect at the time a measure is taken or the base rate as specified in Annex 2-A of the Agreement.

3.27. Bilateral safeguard measures can be applied only during the transition period except with the consent of the other Party (Article 3.2). The transition period for safeguard measures is good-specific and is defined in Article 3.5 as the period from the date of entry into force of the Agreement until 10 years from the date of completion of tariff reduction or elimination for a specific good. Provisional measures can be taken in critical circumstances (Article 3.3). Compensation is provided for, based on consultations in Article 3.4.

3.4.2.3 Special safeguards

3.28. Article 3.6 provides for agricultural safeguard measures that Korea can impose on the agricultural goods listed in Annex 3.¹² The Annex also specifies the trigger levels quantities for applying safeguard measures, the maximum safeguard duties applicable and the dates after which safeguards cannot be maintained.¹³

3.4.2.4 Balance of payments

3.29. Where a Party has serious balance of payments and external financial difficulties, or threat thereof, it can adopt or maintain restrictive measures in relation to trade in goods, services and establishment (Article 15.8). The Article also establishes a consultation mechanism to assess the situation and address the compliance of the measures with the provisions of the Agreement.

¹² The products listed in Annex 3 include beef, pork, apples, malt and malting barley, potato starch, ginseng, sugar, alcohol and dextrins.

¹³ 1 July 2035 is the latest date and applies to apples.

3.4.3 Anti-dumping and countervailing measures

3.30. The Parties maintain their rights and obligations under GATT Article VI and the WTO Agreements on Antidumping, and Subsidies and Countervailing measures (Article 3.8). The Agreement does not prohibit the Parties from taking countervailing measures against each other's products. It confirms the *de minimis* standard defined by the WTO Agreement on antidumping but introduces a lesser duty rule (Articles 3.13 and 3.14).

3.31. The Parties cannot use the RTA's dispute settlement mechanism for any matter arising under Section D of Chapter 3 (anti-dumping and countervailing duties).

3.4.4 Subsidies and state-aid

3.32. Section B of Chapter 11 includes provisions on subsidies and applies to subsidies for goods with the exception of fisheries subsidies, subsidies related to products covered by Annex 1 of the Agreement on Agriculture and other subsidies covered by the Agreement on Agriculture (Article 11.15).

3.33. The Parties agree to use their best endeavours to remedy or remove distortion of competition caused by subsidies (Article 11.9). Subsidy and specificity are defined as in Articles 1.1 and 2 of the SCM Agreement (Article 11.10).

3.34. Article 11.11 provides that i) subsidies granted under any legal arrangement whereby a government or any public body is responsible for covering debts or liabilities of certain enterprises within the meaning of Article 2.1 of the SCM Agreement without any limitation to the amount of those debts and liabilities or the duration of responsibility and ii) subsidies to insolvent or ailing enterprises without a credible restructuring plan based on realistic assumptions are deemed to be specific and prohibited.¹⁴ Subsidies for small and medium-sized enterprises granted in accordance with objective criteria or conditions as provided for in Article 2.1 (b) and footnote 2 attached thereto of the SCM Agreement are not prohibited.

3.35. Article 11.12 states that each Party shall report annually to the other Party on the total amount, types and the sectoral distribution of subsidies which are specific and may affect international trade. The report is deemed to have been provided if sent to the other Party, or if the relevant information is made available on a publicly accessible website.

3.36. The provisions in the Section are without prejudice to the rights of a Party in accordance with relevant provisions of the WTO Agreement to apply trade remedies or to take dispute settlement or other appropriate action against a subsidy granted by the other Party (Article 11.13).

3.37. The Parties shall keep under constant review the matters to which reference is made in Section B of Chapter 11 and each Party may refer such matters to the Trade Committee. Unless both Parties agree otherwise, the Parties agree to review progress in implementing the Section every two years after the entry into force of this Agreement (Article 11.14).

3.4.5 Customs-related procedures

3.38. The Parties shall adopt and apply simplified and efficient customs and other trade-related requirements and procedures in order to facilitate trade between the Parties (Article 6.2). Article 6.3 includes a best-endeavour provision to apply simplified import and export procedures for traders or economic operators which meet specific criteria decided by a Party.

3.39. Fees and charges shall only be imposed for services, different from consular services, provided in connection with the importation or exportation in question or for any required formality, they shall not exceed the approximate cost of the service provided and they shall not be calculated on an *ad valorem* basis (Article 6.9).

¹⁴ The Article applies to subsidies received only after the entry into force of the Agreement. Article 11.11(b) does not apply to subsidies granted as compensation for carrying out public service obligations and to the coal industry.

3.40. The WTO Customs Valuation Agreement is incorporated into and made part of the Agreement, *mutatis mutandis* (Articles 2.12 and 6.12).¹⁵

3.41. Upon written request from traders, each Party shall issue written advance rulings, through its customs authorities, prior to the importation of a good into its territory in accordance with its laws and regulations, on tariff classification, origin or any other such matters as the Party may decide (Article 6.6). Article 6.7 provides for appeal procedures.

3.42. Articles 6.5 and 6.15 provide for transparency requirements and customs contact points. Provisions on cooperation and mutual administrative assistance in customs matters are included in Articles 6.13 and 6.14.

3.43. The Customs Committee is established to ensure the proper functioning of Chapter 6 of the Agreement, the Protocol concerning the Definition of "Originating Products" and Methods of Administrative Cooperation and the Protocol on Mutual Administrative Assistance in Customs Matters and examine all issues arising from their application. (6.16).

3.4.6 Other regulations

3.44. There are no other specific regulations in the Agreement.

3.5 Sector-specific provisions on trade in goods

3.5.1 Electronics

3.45. Annex 2-B includes provisions specific to electronics defined in Appendix 2-B-1. Article 2 of Annex 2-B highlights the role of the International Organization for Standards, the Electrotechnical Commission and the International Telecommunications Union as the relevant international standards-setting bodies for electromagnetic compatibility and safety of covered products.

3.46. Article 3 provides, *inter alia*, a list of conformity assessment procedures that a Party recognizes in case it requires a positive assurance of conformity with technical regulations on electromagnetic compatibility and safety. Korea may continue to require positive assurance of conformity with its technical regulations on the safety of covered products with a certificate based on a test report issued by testing laboratories under certain conditions for the products listed in Appendix 2-B-3 (Article 4).¹⁶ Exceptions and emergency measures are included in Article 6.

3.47. Three years after the entry into force of the Agreement, and every five years thereafter, the Parties shall review the possibility of gradually eliminating technical and administrative requirements including mandatory third-party testing (Article 5).

3.5.2 Motor vehicles and parts

3.48. Annex 2-C of the Agreement contains provisions addressing non-tariff measures applicable to motor road vehicles, systems and parts. The Parties commit to cooperate on more regulatory convergence, using in particular, the World Forum for Harmonization of Vehicle Regulations (WP29), within the framework of the United Nations Economic Commission for Europe (UN/ECE), which is recognized as the relevant international standards setting body for the products covered by the Annex. They accept any product that complies with the requirements listed in Table 1 of Appendices 2-C-2 (74 products for the UK) and 2-C-3 (51 products for Korea) and harmonize the regulations listed in Table 2 of the Appendices (one regulation for the UK and 29 for Korea). A review of these requirements, to enhance the acceptance of products on the basis of their compliance with UN/ECE Regulations, is foreseen every three years.

3.49. Article 4 of Annex 2-C provides for the consolidation of regulatory convergence, including refraining from introducing new technical regulations diverging from UN/ECE Regulations and a

¹⁵ The reservations and options provided for in Article 20 and paragraphs 2 through 4 of Annex III of the WTO Customs Valuation Agreement are not applicable.

¹⁶ 53 products are listed in the Appendix.

requirement to review any that do diverge at least every three years from the entry into force of the Agreement.

3.50. With respect to internal taxes and emission regulations on motor vehicles and parts, MFN treatment is granted to products originating in the other Party in relation with like products originating in any non-party, including as provided in any free trade agreement with such non-party (Article 5 of Annex 2-C).

3.51. Unless it can demonstrate, based on scientific or technical information, that a new technology or new features of motor vehicles create a risk for human health, safety or the environment, neither Party shall prevent or unduly delay the placing on its market of a new product (Article 6 of Annex 2-C). Any refusal must be immediately notified to the other Party.

3.52. An accelerated dispute settlement mechanism is established to ensure compliance with the specific rules applicable to the motor vehicle sector (Article 10 of Annex 2-C). Moreover, monitoring of the implementation of commitments is undertaken through a Working Group on Motor Vehicle and Parts (Article 9 of Annex 2-C).

3.5.3 Pharmaceutical products and medical

3.53. Annex 2-D of the Agreement contains provisions specific to pharmaceutical products and medical devices. The Parties commit to promote the development of and to facilitate access to high-quality patented and generic pharmaceutical products and medical devices (Article 1 of Annex 2-D).

3.54. Article 2 of Annex 2-D provides for fair, transparent, reasonable, and non-discriminatory procedures, rules, criteria and guidelines for the listing, pricing and reimbursement of pharmaceutical products and medical devices. Improper inducements by manufacturers and suppliers to health care professionals or institutions for the listing, purchasing or prescribing of pharmaceutical products and medical devices eligible for reimbursement under health care programmes is prohibited (Article 4 of Annex 2-D). Transparency and regulatory cooperation provisions are included in Articles 3 and 5 of Annex 2-D. A Working Group on pharmaceutical products and medical devices is established with the objective of monitoring the implementing Annex 2-D.

3.5.4 Chemicals

3.55. Annex 2-E of the Agreement reaffirms the Parties rights and obligations under the WTO TBT Agreement and underlines the importance of transparency and due process when regulating and operating chemical management regimes. It also commits the Parties to applying, whenever possible, best practices with respect to the adoption and implementation of legislation, risk assessment and registration, authorization, notification and treatment of confidential business information, and to cooperating in the area of Good Laboratory Practices and Test Guidelines. With a view to promoting co-operation, a Working Group on Chemicals is established by the Agreement.

4 PROVISIONS ON TRADE IN SERVICES

4.1. Chapter 7 of the Agreement and its Annexes contain provisions specific to trade in services, establishment and electronic commerce. It is divided into seven Sections: general provisions, cross-border supply of services, establishment, temporary presence of natural persons for business, regulatory framework, electronic commerce, and exceptions.

4.1 Scope and definitions

4.2. The Parties reaffirm their rights and obligations under the WTO Agreement (Article 7.1). Chapter 7 does not apply to subsidies or grants provided by a Party, to measures affecting natural persons seeking access to the employment market of a Party, to measures regarding citizenship, residence or employment on a permanent basis. Nothing in the Chapter shall be construed to impose any obligation with respect to government procurement.

4.3. Section B and C of Chapter 7 do not apply to measures affecting the cross-border supply or establishment of audiovisual services, national maritime cabotage, domestic and international air transport services and services directly related to the exercise of traffic rights, other than i) aircraft repair and maintenance services, ii) the selling and marketing of air transport services, iii) CRS services and iv) other services auxiliary to air transport services (Articles 7.4 and 7.10). Moreover, Section C does not apply to measures affecting the establishment of mining, manufacturing and processing of nuclear materials and the production of, or trade in, arms, munitions and war material.

4.2 Denial of benefits

4.4. The Agreement does not contain a specific provision on denial of benefits but, as customary in trade agreements of the EU, a Party may deny the benefits of Chapter 7 to a juridical person, registered in the UK or in Korea, if it does not engage in substantive business operations (Article 7.2).

4.3 General provisions on trade in services

4.3.1 Market access

4.5. Market Access commitments for cross-border supply and establishment are contained in Annex 7-A. For modes 1, 2 and 3 in the sectors and sub-sectors included in the Annex, limitations are defined in terms of i) the number of service suppliers or establishment, ii) the total value of transactions or assets in the form of numerical quotas or the requirement of an economic needs test, and iii) the total number of operations or on the total quantity of output (Article 7.5 and 7.11). In addition, for mode 3, limitations can take the form of maximum percentages on the participation of foreign capital or requirements on specific types of legal entity or joint ventures and restrictions on the total number of natural persons employed (Article 7.11).

4.3.2 National treatment and MFN

4.6. National Treatment is granted, subject to conditions and qualifications set out in Annex 7-A, by a Party, to services, service providers, establishments and investors of the other Party for the sectors where market access commitments were taken (Articles 7.6 and 7.12).

4.7. The Parties agree to grant MFN treatment to services, service providers, establishments and investors in relation with other preferential treatment which may be granted through economic integration agreements signed after the entry into force of the Agreement unless such preferential treatment is granted under sectoral or horizontal commitments for which the regional economic integration agreement stipulates a significantly higher level of obligations than that undertaken in the context of Sections B and C of the Agreement. Annex 7-B of the Agreement clarifies that "significantly higher level" means that obligations stipulated in a regional economic integration agreement shall either create an internal market on services and establishment or encompass both the right of establishment and the approximation of legislation. Exemptions from the application of the MFN treatment are foreseen also for i) measures providing for the recognition of qualifications, licences or prudential measures in accordance with Article VII of GATS or the GATS Annex on Financial Services ii) any international agreement or arrangement relating wholly or mainly to taxation and iii) measures listed in Annex 7-C.

4.3.3 Commercial presence

4.8. The Agreement does not contain general provisions on commercial presence requirements, but some specific requirements are listed in the Schedule of Specific commitments for the UK and Korea in specific sub-sectors.¹⁷

¹⁷ Commercial presence is required, for example, for the supply of architectural services, real estate brokerage and appraisal services, testing and analysis services of physical properties, surface surveying and map-making services excluding services related to cadastral survey in Korea.

4.3.4 Movement of natural persons

4.9. Section D of Chapter 7 covers the temporary presence of natural persons for business and applies to measures concerning the entry and temporary stay of key personnel, graduate trainees, business services sellers, contractual service suppliers and independent professionals (Article 7.17).

4.10. Article 7.18 establishes that for every sector liberalized in accordance with Section C (on establishment) and subject to any reservation listed in Annex 7-A, each Party shall allow investors of the other Party to transfer employees as long as they are key personnel, graduate trainees or business service sellers. Prohibited measures are defined as limitations on the total number of natural persons that an investor may transfer and discriminatory limitations. Unless otherwise provided in Annex 7-A, nationality or residency requirements for senior management positions are not allowed.

4.11. The maximum periods indicated for the temporary entry and stay for different categories of businessperson are i) three years for intra-corporate transferees, ii) 90 days in any 12-month period for business visitors and business service sellers and iii) one year for graduate trainees. The duration of stay under the Agreement differ from those under the GATS: for the UK, the duration of temporary stay of intra-corporate transferees, business visitors and contractual service suppliers is defined by the UK laws and regulations regarding entry, stay and work; neither Party made commitments for graduate trainees in the GATS.

4.12. No later than two years after the conclusion of negotiations on Article XIX of the GATS and the Doha Declaration, the Parties shall also adopt a decision on commitments concerning the access of contractual service supplier and independent professionals (Article 7.20).

4.4 Liberalization commitments

4.13. The liberalization of trade in services and investment takes the form of a positive list of specific commitments, comparable to the approach used in the GATS. The sectors liberalized by each Party are listed in Annex 7-A containing market access and national treatment limitations and conditions applicable to services, service suppliers, establishment and investors of the other Party (Articles 7.7 and 7.13). Neither Party may adopt new or more discriminatory measures as compared to those listed in Annex 7-A. Korea's liberalization commitments under the Agreement are identical to those under the EU-Korea Agreement.

4.14. For the UK, market access and national treatment specific commitments are contained in Annex 7-A-1 for cross-border supply of services, Annex 7-A-2 for establishment and Annex 7-A-3 for key personnel and graduate trainees. For Korea, Annex 7-A-4 contains Korea's market access and national treatment specific commitments for all modes of supply. The UK's liberalization commitments under the Agreement are identical to those under the EU-Korea Agreement.

4.4.1 Korea

4.4.1.1 MFN and horizontal commitments

4.15. In its horizontal GATS commitments, Korea maintains market access and national treatment limitations on commercial presence: i) the acquisition of outstanding stocks and bonds of existing domestic companies is restricted with some specific exceptions, ii) the amount of foreign direct investment must be at least 50 million Won, iii) the acquisition of land is unbound with some exceptions, iv) only companies established in Korea are eligible for subsidies, including tax benefits, and v) research and development subsidies are unbound. Horizontal limitations are also scheduled for mode 4.

4.16. Under the Agreement, Korea maintains a different set of horizontal limitations on market access for mode 3 with respect to i) the acquisition of outstanding stocks of existing domestic companies in areas such as energy and aviation, ii) the transfer of equity interests or assets held by state enterprises or governmental authorities and the privatization of services provided in the exercise of governmental authority, iii) the rights or preferences granted to socially or economically disadvantaged groups and iv) measures related to state-owned electronic information systems. Horizontal limitations on national treatment are also maintained for measures with respect to i) the

acquisition of arms (for modes 1, 2 and 3), ii) the export of controlled commodities, software, and technology (for modes 1 and 2) and iii) the acquisition of land in certain situations (for mode 3). Horizontal limitations are also registered for mode 4.

4.17. In Annex 17-C, Korea included 14 MFN exemptions. Two exceptions apply to all sectors, and one refers to disadvantaged groups. The remainder are sector specific and relate to transport (6 exceptions), social services (2), communication services (1), education services (1) and recreational services (1).

4.4.1.2 Sector specific commitments

4.18. Annex 7-A-4 includes Korea's list of commitments for cross-border services, establishment and movement of people (in conformity with Articles 7.18 and 7.19 - Key personnel and graduate trainees and business service sellers).¹⁸ Table 4.1 provides a comparison of Korea's GATS commitments in modes 1-3 with those taken under the Agreement. Horizontal limitations and MFN reservations are not considered in the table which should be read in conjunction with Annex 7-A-4 to the Agreement.

Table 4.1 Korea: Comparison between the GATS and Agreement specific commitments

Sectors / Sub-sectors	GATS	Compared to GATS	FTA			
			Trade in services		Investment	
			Sector coverage	Commitments ^a	Sector coverage	Commitments ^a
1. Business services						
A. Professional Services	Partial	Improved	Partial	Partial	Partial	Partial
B. Computer and Related Services	Full	Same	Full	Full	Full	Full
C. Research and Development Services	Partial	Improved	Full	Partial	Partial	Partial
D. Real Estate Services	---	New	Partial	Partial	Partial	Full
E. Rental/Leasing Services without Operators	Partial	Improved	Partial	Partial	Partial	Partial
F. Other Business Services	Partial	Improved	Partial	Partial	Partial	Partial
2. Communication services						
A. Postal services	---	---	---	---	---	---
B. Courier services	---	New	Partial	Partial	Partial	Partial
C. Telecommunication services	Partial	Improved	Partial	Partial	Partial	Partial
D. Audiovisual services	Partial	---	---	---	---	---
E. Other	---	---	---	---	---	---
3. Construction and related engineering services						
A. General construction work for buildings	Partial	Improved	Full	Full	Full	Full
B. General construction work for civil Engineering	Partial	Improved	Full	Full	Full	Full
C. Installation and assembly work	Partial	Improved	Full	Full	Full	Full
D. Building completion and finishing work	Partial	Improved	Full	Full	Full	Full
E. Other	Partial	Improved	Full	Full	Full	Full
4. Distribution services						
A. Commission agents' services	Partial	Improved	Partial	Partial	Partial	Full
B. Wholesale trade services	Partial	Improved	Partial	Partial	Partial	Partial
C. Retailing services	Partial	Improved	Partial	Partial	Partial	Partial
D. Franchising	Partial	Improved	Partial	Full	Partial	Full
E. Other	---	---	---	---	---	---
5. Education services						
A. Primary education services	---	---	---	---	---	---
B. Secondary education services	---	---	---	---	---	---
C. Higher education services	---	New	Partial	Partial	Partial	Partial
D. Adult education	---	New	Partial	Partial	Partial	Partial
E. Other education services	---	---	---	---	---	---
6. Environmental services						
A. Sewage services	Partial	Improved	Partial	Full	Partial	Partial
B. Refuse disposal services	Partial	Improved	Partial	Full	Partial	Full
C. Sanitation and similar services	---	---	---	---	---	---
D. Other	Partial	Improved	Partial	Full	Partial	Full
7. Financial services						
A. All insurance and insurance-related services	Partial	Improved	Partial	Partial	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Partial	Partial	Partial

¹⁸ Part B of Annex 7-A-4 includes reservations on establishment in agriculture and manufacturing sectors.

Sectors / Sub-sectors	GATS	FTA				
		Compared to GATS	Trade in services		Investment	
			Sector coverage	Commitments ^a	Sector coverage	Commitments ^a
8. Health related and social services						
A. Hospital services	---	---	---	---	---	---
B. Other Human Health Services	---	---	---	---	---	---
C. Social Services	---	---	---	---	---	---
D. Other	---	---	---	---	---	---
9. Tourism and travel related services						
A. Hotels and restaurants (including catering)	Partial	Improved	Partial	Partial	Partial	Full
B. Travel agencies and tour operators services	Partial	Improved	Full	Full	Full	Full
C. Tourist guides services	Partial	Improved	Full	Full	Full	Full
D. Other	---	---	---	---	---	---
10. Recreational and cultural and sporting services						
A. Entertainment services	---	New	Partial	Partial	Partial	Partial
B. News agency services	---	New	Full	Partial	Full	Partial
C. Libraries, archives, museums and other cultural services	---	---	---	---	---	---
D. Sporting and other recreational services	---	---	---	---	---	---
E. Other	---	New	Partial	Full	Partial	Full
11. Transport services						
A. Maritime Transport Services	Partial	Improved	Partial	Partial	Partial	Partial
B. Internal Waterways Transport	---	---	---	---	---	---
C. Air Transport Services	Partial	Improved	Partial	Partial	Partial	Partial
D. Space Transport	---	---	---	---	---	---
E. Rail Transport Services	---	New	Partial	Partial	Partial	Partial
F. Road Transport Services	Partial	Improved	Partial	Partial	Partial	Partial
G. Pipeline Transport	---	New	Partial	Partial	Partial	Full
H. Services auxiliary to all modes of transport	Partial	Same	Partial	Full	Partial	Full
I. Other Transport Services	Partial	Improved	Partial	Partial	Partial	Full
12. Other services not included elsewhere	---	New	Partial	Full	---	---

Note: MFN and Horizontal limitations, as well as Mode 4 commitments/limitations are not included.

a Information in this column refers only to commitments in sectors or sub-sectors covered under the Agreement.

Full: Specific commitments not subject to limitation(s) under market access or national treatment.

Partial: Specific commitments subject to some limitation(s) under market access or national treatment.

---: No specific commitment; sector or subsector excluded from the GATS and/or the Agreement.

New: New commitments full or partial, with or without limitations.

Improved: Overall improved commitments under the Agreement compared to those under the GATS.

Source: Korea's schedules annexed to the Agreement and Korea's Draft consolidated Schedule of Specific Commitments (S/DCS/W/KOR/Rev.1).

4.4.1.2.1 Business services

4.19. Improvements of commitments in professional services include the addition, with some limitations, of legal services, veterinary services, investigation and security services, building-cleaning services, some publishing services and specialty design services. Korea also allows certified public accountants of the UK and other services providers to supply services such as, *inter alia*, accounting and taxation services under certain conditions. Cross-border trade and consumption abroad of research and development services on natural sciences and interdisciplinary research and development services are liberalized compared to the GATS while commercial presence remains unbound. New commitments in real estate brokerage and appraisal services are included with some limitations in modes 1 and 2. Rental/leasing services without operator relating to ships, market research and public opinion polling services, consulting services related to agriculture, fishing and mining are fully liberalized for modes 1 and 2 under the Agreement compared to GATS where no commitments were made.

4.4.1.2.2 Communication services

4.20. Some courier services are partially liberalized under the Agreement but limited to being provided by air or sea only and requiring a license subject to an economic needs test for trucking

businesses. As for telecommunication services, the cross-border supply of television and radio signals transmission services through satellite facilities is allowed without commercial arrangements and limitations on resale-based telecommunications services are removed.

4.4.1.2.3 Construction and related engineering services

4.21. All limitations on market access and national treatment scheduled under the GATS for all construction services when technically feasible are eliminated under the Agreement.

4.4.1.2.4 Distribution services

4.22. Improvements in distribution services include the removal of all limitations on market access for mode 2 of commission agents services, the removal of needs test requirements for some wholesale services such as large markets and wholesale trade centres. In retail services, the establishment of department stores and shopping centres is allowed under the Agreement. And market access for retail trade and gas station businesses related to LPG remains unbound but no limitations are kept on national treatment. Franchising is limited to the items allowed under wholesale trade and retailing services.

4.4.1.2.5 Education services

4.23. Korea made commitments in certain higher and adult education services provided by private institutions which are not included in its GATS schedules.

4.4.1.2.6 Environmental services

4.24. In environmental services, Korea liberalized collection and treatment services for non-industrial wastewater with limitations on mode 3 while it eliminated commercial presence requirements for industrial refuse disposal services. It also fully liberalized other environmental services not included in its GATS schedules such as soil remediation and groundwater purification and environment consulting services.

4.4.1.2.7 Financial services

4.25. Financial services are subject to a number of provisions listed in the headnotes of the specific commitments including, *inter alia*, the limitation that in order to establish or acquire a controlling interest in a financial service supplier in Korea, a foreign investor must own or control a financial service supplier that engages in supplying financial services within the same financial services sub-sector in its home country and Korea's ability to impose a residency requirement on the chief executive officer of financial service suppliers. Insurance and insurance-related services remain unbound except for insurance of risks relating to maritime shipping, commercial aviation, space launching and freight (including satellites), goods in international transit, reinsurance and retrocession, services auxiliary to insurance and insurance intermediation. At the same time, limitations on commercial presence are eliminated except that only two employees of a commercial bank, mutual saving bank, or securities company may sell insurance products at any one time at a single location. The cross-border supply of banking and other financial services remains unbound except for the provision and transfer of financial information and the provision and transfer of financial data processing and related software for banking and other financial services and advisory and other auxiliary services, excluding intermediation. Among other limitations for mode 3 scheduled in the Agreement, certain types of business such as credit unions, mutual savings banks, specialized capital finance companies and merchant banks, may not be conducted by a branch of a financial service supplier constituted under the laws of another country. Ownership of more than 10% of the shares of a Korean commercial bank or bank holding company is allowed only for internationally recognized financial institutions defined as any financial institution that has been rated by an international rating organisation at a level acceptable to the relevant Korean regulator.¹⁹

¹⁹ A financial institution can demonstrate by alternative means acceptable to the relevant Korean regulator that it has an equivalent status.

4.4.1.2.8 Tourism and travel related services

4.26. The coverage of hotels and restaurants under the Agreement is slightly wider with the inclusion of beverage serving services without entertainment (except rail and air transport related facilities).

4.4.1.2.9 Recreational and cultural and sporting services

4.27. In entertainment services, Korea liberalized, with some limitations, services provided by individual artists or groups and new agency services. Recreation Park services, excluding beach services, are fully liberalized.

4.4.1.2.10 Transport services

4.28. Regarding maritime transport services, cabotage services remain unbound. The cargo preference system applicable to certain products in relation to bulk, tramp, and other international shipping services and the registration requirement for the establishment of a company to operate a fleet under the national flag of Korea for cargo transport have been removed under the Agreement. Additional commitments were made for the rental of vessels and aircrafts with crew, pushing and towing, tally, measuring and survey services, maintenance and repair of aircraft and rail, ground-handling services, some services auxiliary to rail transport services, which were not included in the GATS. Passenger and freight rail transportation are also partially liberalized under the Agreement. Rental of non-scheduled services of buses with operators and maintenance and repair of road equipment are also liberalized except that mode 1 remains unbound and the establishment of commercial presence is subject to an economic needs test for maintenance and repair. As for other transport services, the coverage is the same as under the GATS but licences and business area restrictions for combined transport services and freight forwarding for rail transport are removed.

4.4.1.2.11 Other services not included elsewhere

4.29. Under other services, hairdressing and other beauty services are liberalized except for mode 3 which remains unbound.

4.4.2 United Kingdom

4.4.2.1 MFN and horizontal commitments

4.30. In its horizontal GATS commitments, the UK maintains a market access limitation on commercial presence for public utilities which may be subject to public monopolies or to exclusive rights granted to private operators. National treatment limitations on mode 3 are maintained with respect to i) legal entities of branches, agencies, and representative offices and subsidiaries, ii) subsidies for branches established in the UK by a company of another WTO Member and subsidies for research and development. Horizontal limitations are also scheduled for mode 4.

4.31. Under the Agreement, the UK maintains the limitation on public utilities and treatment accorded to subsidiaries of Korean companies formed in accordance with UK law and having their registered office, central administration or principal place of business within the UK is not extended to branches or agencies.

4.32. In Annex 7-C the UK lists 9 MFN exemptions, two of which apply to all sectors. The other exceptions are sector specific and refer to transport and auxiliary services (6 exceptions) and fisheries (1 exception).

4.4.2.2 Sector specific commitments

4.33. Annexes 7-A-1 and 7-A-2 include the UK's list of commitments for cross-border services and establishment respectively.²⁰ Annex 7-A-3 includes the list of reservations in conformity with Articles 7.18 and 7.19 (Key personnel and graduate trainees and business service sellers).

²⁰ Annex 7-A-2 also includes reservations on establishment in agriculture and manufacturing sectors.

4.34. Table 4.2 provides a comparison of the UK's GATS specific commitments in modes 1-3 with those taken under the Agreement.²¹ Horizontal limitations and MFN reservations are not considered in the table which should be read in conjunction with Annexes 7-A-1, 7-A-2 and 7-A-3 to the Agreement.

Table 4.2 United Kingdom: Comparison between the GATS and Agreement specific commitments

Sectors / Sub-sectors	GATS	FTA				
		Compared to GATS	Trade in services		Investment	
			Sector coverage	Commitments ^a	Sector coverage	Commitments ^a
1. Business services						
A. Professional Services	Partial	Improved	Partial	Partial	Partial	Partial
B. Computer and Related Services	Full	Same	Full	Full	Full	Full
C. Research and Development Services	Partial	Improved	Full	Partial	Full	Partial
D. Real Estate Services	Full	Same	Full	Full	Full	Full
E. Rental/Leasing Services without Operators	Partial	Improved	Partial	Partial	Partial	Partial
F. Other Business Services	Partial	Improved	Partial	Partial	Partial	Partial
2. Communication services						
A. Postal services	---	New	Partial	Full	Partial	Full
B. Courier services	---	New	Partial	Full	Partial	Full
C. Telecommunication services	Partial	Improved	Partial	Partial	Partial	Partial
D. Audiovisual services	---	---	---	---	---	---
E. Other	---	---	---	---	---	---
3. Construction and related engineering services						
A. General construction work for buildings	Partial	Improved	Full	Full	Full	Full
B. General construction work for civil Engineering	Partial	Improved	Full	Full	Full	Full
C. Installation and assembly work	Partial	Improved	Full	Full	Full	Full
D. Building completion and finishing work	Partial	Improved	Full	Full	Full	Full
E. Other	Partial	Improved	Full	Full	Full	Full
4. Distribution services						
A. Commission agents' services	Partial	Same	Partial	Full	Partial	Full
B. Wholesale trade services	Partial	Same	Partial	Full	Partial	Full
C. Retailing services	Partial	Same	Partial	Full	Partial	Full
D. Franchising	Partial	Same	Partial	Full	Partial	Full
E. Other	---	---	---	---	---	---
5. Education services						
A. Primary education services	Partial	Narrower	Partial	Full	Partial	Partial
B. Secondary education services	Partial	Narrower	Partial	Full	Partial	Partial
C. Higher education services	Partial	Narrower	Partial	Full	Partial	Partial
D. Adult education	Partial	Same	Partial	Full	Partial	Full
E. Other education services	---	---	---	---	---	---
6. Environmental services						
A. Sewage services	Partial	Improved	Partial	Full	Full	Full
B. Refuse disposal services	Partial	Improved	Partial	Full	Full	Full
C. Sanitation and similar services	Partial	Improved	Partial	Full	Full	Full
D. Other	Partial	Improved	Partial	Full	Full	Full
7. Financial services						
A. All insurance and insurance-related services	Partial	Improved	Partial	Partial	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Partial	Partial	Partial
8. Health related and social services						
A. Hospital services	Partial	Same	Partial	Partial	Partial	Partial
B. Other Human Health Services	---	New	Partial	Partial	---	---
C. Social Services	Partial	Same	Partial	Partial	Partial	Partial
D. Other	---	---	---	---	---	---
9. Tourism and travel related services						
A. Hotels and restaurants (including catering)	Partial	Same	Partial	Partial	Partial	Full
B. Travel agencies and tour operators services	Full	Same	Full	Full	Full	Full
C. Tourist guides services	Full	Same	Full	Full	Full	Full
D. Other	---	---	---	---	---	---

²¹ As of the date of this factual presentation, there is no certified UK Schedule of Specific Commitments therefore the proposed draft (circulated as document S/C/W/380) is used for the comparison.

Sectors / Sub-sectors	GATS	FTA				
		Compared to GATS	Trade in services		Investment	
			Sector coverage	Commitments ^a	Sector coverage	Commitments ^a
10. Recreational and cultural and sporting services						
A. Entertainment services	Partial	Same	Partial	Full	Partial	Full
B. News agency services	Full	Same	Full	Full	Full	Full
C. Libraries, archives, museums and other cultural services	---	---	---	---	---	---
D. Sporting and other recreational services	Partial	Same	Partial	Full	Full	Full
E. Other	---	New	Partial	Full	Partial	Full
11. Transport services						
A. Maritime Transport Services	---	New	Partial	Partial	Partial	Partial
B. Internal Waterways Transport	---	New	Partial	Partial	Partial	Partial
C. Air Transport Services	Partial	---	---	---	---	---
D. Space Transport	---	---	---	---	---	---
E. Rail Transport Services	Partial	Improved	Partial	Partial	Partial	Partial
F. Road Transport Services	Partial	Same	Partial	Partial	Partial	Partial
G. Pipeline Transport	---	New	---	---	Partial	Full
H. Services auxiliary to all modes of transport	Partial	Improved	Partial	Partial	Partial	Partial
I. Other Transport Services	Partial	Improved	Partial	Partial	Partial	Partial
12. Other services not included elsewhere	---	New	Partial	Partial	Partial	Full

Note: MFN and Horizontal limitations, as well as Mode 4 commitments/limitations are not included.

a Information in this column refers only to commitments in sectors or sub-sectors covered under the Agreement.

Full: Specific commitments not subject to limitation(s) under market access or national treatment.

Partial: Specific commitments subject to some limitation(s) under market access or national treatment.

---: No specific commitment; sector or subsector excluded from the GATS and/or the Agreement.

New: New commitments full or partial, with or without limitations.

Improved: Overall improved commitments under the Agreement compared to those under the GATS.

Narrower: Some additional limitations as compared to GATS commitments.

Source: The UK schedules annexed to the Agreement its GATS Specific Commitments (S/C/W/380).

4.4.2.2.1 Business services

4.35. The coverage of professional services under the Agreement is expanded with the inclusion of commitments on certain legal services and veterinary laboratory and technical services which are not included in the UK's GATS schedules. The UK also liberalized, with some limitations, research and development services on natural sciences and interdisciplinary R&D. In rental/leasing services without operators, the UK has added telecommunications equipment rental services. In other business, photographic services, packaging services, telecommunications consulting services and telephone answering services are fully liberalized under the Agreement.

4.4.2.2.2 Communication services

4.36. The UK removed all limitations to a number of postal and courier services relating to the handling of postal items with some exceptions depending on the price relative to the public basic price and the weight of the items of correspondence. In telecommunications, satellite broadcast transmission services are liberalized subject to the obligation to safeguard general interest objectives related to the conveyance of content in line with the United Kingdom regulatory framework for electronic communications.

4.4.2.2.3 Education services

4.37. Privately funded education services are fully liberalized for modes 1 and 2 as under the GATS. However, participation of private operators in primary, secondary and higher education networks is subject to concession for mode 3.

4.4.2.2.4 Environmental services

4.38. The UK improved its GATS commitments for environmental services by liberalizing cross-border trade in consulting services.

4.4.2.2.5 Financial services

4.39. Under the GATS, the UK largely liberalized financial services and it commits to make its best endeavours to consider within 6 months complete applications for licenses to conduct direct insurance and underwriting business, banking activities, investment services in securities through the establishment in the UK of a subsidiary of undertakings governed by the laws of another WTO Member. Under the Agreement, direct insurance services and direct insurance intermediation services remain unbound except for insurance of risks relating to activities such as maritime shipping, commercial aviation, space launching and freight (including satellites) and goods in international transit. In banking and other financial services, cross-border trade remains largely unbound (with the exception of the provision of financial information and financial data processing and for advisory and other auxiliary services excluding intermediation) while no limitations are maintained for mode 2. For mode 3, only firms having their registered office in the United Kingdom can act as depositories of the assets of investment funds. The establishment of a specialised management company, having its head office and registered office in the United Kingdom, is required to perform the activities of management of unit trusts and investment companies.

4.4.2.2.6 Health related and social services

4.40. The UK removed all limitations on residential health facilities other than hospital services for mode 2.

4.4.2.2.7 Recreational and cultural and sporting services

4.41. While not included in the UK's GATS schedules, recreation park and beach services are fully liberalized under the Agreement.

4.4.2.2.8 Transport services

4.42. Under the Agreement, the UK included international maritime passenger and freight transport, except for cabotage, with no commitments on the establishment of a registered company for the purpose of operating a fleet under the national flag of the UK. Internal waterways transport services are also included with limitations on some traffic rights to operators, nationality criteria regarding ownership and the establishment of a registered company for the purpose of operating a fleet under the national flag of the UK. Rail transport services are included with no limitations for mode 2 and subject to a public utilities' reservation for mode 3. Limitations in mode 3 are eliminated for pipeline transport of goods other than fuel. The coverage of services auxiliary to transport goes beyond storage and warehouse services, freight transport agency services and preshipment inspection. In other transport services, combined transport services are fully liberalized conditional on the limitations affecting any given mode of transport.

4.4.2.2.9 Other services not included elsewhere

4.43. In other services, the UK made new commitments on a number of other services such as washing, cleaning and dyeing, hairdressers and cosmetic treatments

4.5 Regulatory provisions

4.5.1 Domestic regulation

4.44. Article 7.23 contains general provisions on domestic regulation. It borrows language from paragraphs 2(a) and 3 of the GATS. It also calls for the Parties to endeavour to ensure that qualification requirements and procedures, technical standards and licensing requirements are based on objective and transparent criteria and, in the case of licensing procedures, are not in themselves a restriction on the supply of the services.

4.45. The Parties will review the results of the negotiations on disciplines on qualifications, technical standards and licensing requirements by WTO Members under GATS Article VI:4, with a view to incorporating them into the Agreement.

4.5.2 Recognition

4.46. The Agreement requests the Parties to encourage their relevant national representative professional bodies to jointly develop and provide recommendations to the Trade Committee on mutual recognition (Article 7.21). If the recommendation is consistent with the Agreement and there is a sufficient level of correspondence between the Parties' relevant regulations, they shall, through their competent authorities, negotiate an agreement on mutual recognition (MRA) of requirements, qualifications, licences and other regulations. The Agreement also establishes a Working Group on MRAs to consider mutual recognition-related matters and act as a contact point for issues relating to mutual recognition raised by relevant representative bodies in either Party.

4.5.3 Subsidies

4.47. Article 11.15 states that the Parties shall use their best endeavours to develop rules applicable to subsidies to services, taking into account developments at the multilateral level, and to exchange information upon the request of either Party. The Parties agree to hold the first exchange of views on subsidies to services within three years after the entry into force of the Agreement.

4.5.4 Safeguards

4.48. The Agreement does not contain a safeguard mechanism for services but Article 7.30, described in Section 5.10 of the factual presentation, provides for competitive safeguards on major suppliers.

4.49. Where a Party has serious balance of payments and external financial difficulties, or threat thereof, it can adopt or maintain restrictive measures in relation to trade in services and establishment (Article 15.8). The Article also establishes a consultation mechanism to assess the situation and address the compliance of the measures with the provisions of the Agreement.

4.5.5 Other

4.50. The Parties commit to respond to all requests for information on, *inter alia*, MRAs, standards and criteria for licensing and certification through the mechanisms established under Chapter 12 (Article 7.22), on transparency. The Parties' regulatory authorities are required to make publicly available all requirements for completing applications for the supply of a service and on request by the applicant and provide the applicant with details of the status of the application.

4.51. The Parties shall ensure that internationally agreed standards for regulation and supervision in the financial services sector and for the fight against tax evasion and avoidance are implemented and applied (Article 7.24).

4.6 Sector specific provisions on trade in services

4.6.1 Computer services

4.52. Sub-section B of Section E of Chapter Seven clarifies the meaning of computer services in the context of the liberalization of all modes of supply under the Agreement. The Parties understand that Division 84 of the CPC covers the basic functions used to provide all computer and related services (Article 7.25).²² At the same time, the Parties recognize that there is a distinction between

²² More specifically, computer and related services include all services that provide any of the following or any combination thereof:

a) consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, support, technical assistance or management of or for computers or computer systems,

the enabling service, such as web-hosting or application hosting, and the core service that is being delivered electronically, such as banking, which is not covered by CPC 84.

4.6.2 Postal and courier services

4.53. Sub-section C of Section E of Chapter Seven includes specific provisions for postal and courier services. The Trade Committee shall set out the principles of the regulatory framework applicable to postal and courier services not reserved to a monopoly to address issues such as anti-competitive practices, universal service, individual licenses and the nature of the regulatory authority (Article 7.26).

4.6.3 Telecommunications services

4.54. Sub-section D of Section E of Chapter Seven sets out the principles of the regulatory framework for basic telecommunications services other than broadcasting (Article 7.27). It provides for the independence of regulatory authorities, simplified authorization procedures, competitive safeguards on major suppliers, interconnection, number portability, allocation and use of scarce resources, universal service, confidentiality of information and a process for the resolution of telecommunications disputes.

4.6.4 Financial services

4.55. Sub-section E of Section E of Chapter Seven sets out the principles of the regulatory framework for all financial services liberalized under the Agreement (Article 7.37).

4.56. Article 7.38 provides for a prudential carve-out for the protection of investors, depositors, policy-holders or persons to whom a fiduciary duty is owed by a financial service supplier, and the integrity and stability of the Parties' financial system.

4.57. Each Party shall permit a financial service supplier of the other Party to supply any new financial service that it would permit its own like financial service suppliers to supply without additional legislative action required (Article 7.42).

4.58. The dispute settlement mechanism of the Agreement applies to the settlement of disputes on financial services arising exclusively under Chapter 7 with some modifications (Article 7.45). The members of the arbitration panel are selected from a list of 15 individuals with expertise or experience in financial services law or practice established by the Trade Committee no later than six months after the entry into force of the Agreement. The complaining Party may suspend benefits in the financial services sector only if the measure under disputes is found to be inconsistent with the Agreement affects the financial services sector (and any other sector).

4.59. Article 7.46 provides for the possible recognition of prudential measures in determining how a Party's measures relating to financial services shall be applied. If a Party recognizes the prudential measures of a third party through an agreement or arrangement, it shall afford adequate opportunity to the other Party to negotiate its accession to such agreement or arrangement, or to negotiate a comparable one. If the recognition is accorded autonomously, it shall afford adequate opportunity to the other Party to demonstrate that equivalent regulations exist.

4.60. The Sub-section also includes provisions on transparency, self-regulatory organizations, access to payment and clearing systems, data processing and specific exceptions.

b) computer programs plus consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, adaptation, maintenance, support, technical assistance, management or use of or for computer programs,

c) data processing, data storage, data hosting or database services,

d) maintenance and repair services for office machinery and equipment, including computers, and

e) training services for staff of clients, related to software, computers or computer systems, and not elsewhere classified.

4.61. Additional commitments on financial services covering, *inter alia*, transfer of information, supply of insurance by the postal services to the public and sectoral cooperatives selling insurance, are included in Annex 7-D

4.6.5 International maritime transport services

4.62. Sub-section F of Section E of Chapter Seven sets out the principles regarding the liberalisation of international maritime transport (Article 7.47).

4.63. The Parties shall apply the principle of unrestricted access to international maritime markets and trades on a commercial and non-discriminatory basis. They shall grant treatment no less favourable than that granted to domestic or third party ships, whichever is better, with regard to, *inter alia*, access to ports, the use of infrastructure and auxiliary maritime services of the ports and access to berths and facilities for loading and unloading.

4.64. Future and existing cargo-sharing arrangements with third parties concerning international maritime transport services and unilateral measures, which could constitute a disguised restriction or could have discriminatory effects, are not allowed.

4.65. Subject to the conditions inscribed in the Parties' schedules of commitments, establishment by international maritime service suppliers in a Party's territory is allowed with treatment no less favourable than that accorded to domestic or third party suppliers.

4.66. The Article finally lists the services at the port (such as pilotage, towing, fuelling, etc.) that each Party shall make available to international maritime transport suppliers of the other Party on reasonable and non-discriminatory terms and conditions.

5 GENERAL PROVISIONS OF THE AGREEMENT

5.1 Transparency

5.1. Chapter 12 contains transparency provisions. It provides for the publication of, and the establishment or maintenance of, appropriate mechanisms for responding to and for administrative proceedings allowing for a consistent, impartial, and reasonable administration of enquiries regarding measures of general application that may have an impact on any matter covered by the Agreement (Articles 12.3, 12.4 and 12.5).

5.2. Article 12.6 provides for the establishment or maintenance of impartial and independent tribunals or procedures for review and appeal of administrative action. The Parties shall co-operate in promoting regulatory quality and performance and to ensure good administrative behaviour (Article 12.7). Transparency standards used by the Parties shall ensure non-discrimination between nationals and persons from the other Party (Article 12.8).

5.2 Current payments and capital movements

5.3. The Parties shall authorize any payments and transfers on the current account of the balance of payments between their residents, in freely convertible currency and in accordance with the relevant IMF provisions (Article 8.1).

5.4. They shall not impose restrictions on the movement of capital relating to direct investments made in accordance with the laws of the host country, investments, other transactions liberalized in accordance with Chapter 7, and to the liquidation and repatriation of related capital and generated profit (Article 8.2). Moreover, the Parties shall ensure the free movement of credits related to commercial transactions, financial loans and credits and capital participation in a juridical person with no intention of establishing or maintaining lasting economic links. Article 8.2 also contains a stand-still commitment concerning any new restrictions on the movement of capital between residents of the Parties. Consultations are foreseen if necessary to further facilitate the movement of capital.

5.5. A Party may take, in exceptional circumstance, safeguard measures with regard to capital movements (Article 8.4).

5.3 Exceptions

5.6. For trade in goods, GATT Article XX is incorporated into the Agreement (Article 2.15). For trade in services and establishment, Article 7.50 of the Agreement builds on GATS Article XIV. Exceptions for payments and capital movements, including for measures necessary to protect public security and public morals, to maintain public order, or to secure compliance with certain laws or regulations, are included in Article 8.3.

5.7. Security exceptions are also included in the Agreement through Article 15.9, which borrows language from GATT Article XXI, GATS Article XIVbis, and TRIPS Article 73.

5.4 Accession and withdrawal

5.8. The Agreement has no provisions for accession by third parties.

5.9. The Agreement is valid indefinitely. However, a Party may notify in writing the other Party of its intention to denounce it. In such a case, the denunciation takes effect six months after the notification (Article 15.11).

5.5 Institutional framework

5.10. Chapter 15 of the Agreement includes institutional provisions. A Trade Committee is established in Article 15.1. Its functions include ensuring the proper operation of the Agreement and supervising its implementation and application. The Trade Committee supervises the work of the specialized committees, working groups and other bodies established under Articles 15.2 and 15.3. It has the power to take decisions on all matters provided by the Agreement except on matter covered by the Protocol on Cultural Cooperation.

5.11. Article 15.2 establishes six Specialized committees: on Trade in Goods, on SPS Measures, on Customs, on Trade in Services, Establishment and Electronic Commerce, on Trade and Sustainable Development and on Outward Processing Zones on the Korean Peninsula.

5.12. The first meeting of the Committee on Trade in Goods was held on 16 September 2021. The Parties agreed to finalise the adoption of the Rules of Procedure for the Committee, to share their respective notifications of the Agreement to the WTO's CRTA and methodological information on the development of data on preference utilisation rates, and to continue building on the trading relationships and to provide continuity and certainty for business following the UK's exit from the EU.

5.13. To supervise and assess the implementation of Chapter 7 and to consider all related matters, the Agreement establishes a Committee on Trade in Services, Establishment and Electronic Commerce (Article 7.3). The first meeting of the Committee was held on 21 December 2021. The Parties discussed a number of issues such as financial services market access barriers related to data localisation and cooperation on digital trade.

5.6 Dispute settlement

5.14. Chapter 14 establishes a dispute settlement mechanism based on and largely similar to the WTO Dispute Settlement Understanding except for the absence of an appeal stage and with some shortened deadlines.

5.15. Recourse to the dispute settlement provisions of Chapter 14 is without prejudice to dispute settlement action in the WTO framework. Where a Party initiates a dispute settlement proceeding in one forum with regard to a particular measure, it may not institute a dispute settlement proceeding regarding the same measure in the other forum until the first proceedings has been concluded. Additionally, a Party cannot seek redress of an identical obligation under the Agreement and the WTO Agreement in the two fora. The Party must select one forum and use it to the exclusion of the other unless the forum selected first fails for procedural or jurisdictional reasons to make findings on the claim seeking redress of that obligation (Article 14.19).

5.16. Consultations with the aim of reaching a mutually agreed solution are the first step in the process but if there is no agreement, the arbitration procedure outlined in Sub-section A of Section C is followed. An arbitration panel, composed of three arbitrators chosen by the Parties,²³ can be established at the request of the complaining Party (Article 14.4). The panel shall issue an interim report within 90 days of the date of its establishment. Following the issuing of the interim panel report, the arbitration panel ruling shall be issued within 120 days (or 60 days in urgent cases) of the date of the establishment of the panel.

5.17. Compliance with the arbitration panel ruling is disciplined by Sub-Section B of Section C. The Parties endeavour to agree on the period of time to comply with the ruling. In case of disagreement, the original arbitration panel can be asked to determine the length of the reasonable period of time for compliance. Before the end of the reasonable period of time, the Party complained against shall notify the complaining Party and the Trade Committee of any measure taken to comply with the ruling. In case of non-compliance, the Party complained against shall present, if requested by the complaining Party, an offer for temporary compensation and if no agreement can be found, the complaining Party is entitled, upon notification, to suspend its obligations. A review of measures taken to comply after the suspension of obligations is conducted by the original panel, upon request by the Party complained against.

5.18. The Parties may reach a mutually agreed solution to a dispute under Chapter 14 at any time (Article 14.13).

5.19. Dispute settlement procedures under the Chapter are governed by Annex 14-B and any hearing of the arbitration panel shall be open to the public in accordance with the Annex (Article 14.14). Annex 14-C includes the code of conduct for members of arbitration panels and mediators.

5.20. The Agreement also contains a mediation mechanism that the Parties may use to facilitate reaching a mutually agreed solution to non-tariff measures adversely affecting trade (Annex 14-A of the Agreement). It may be used alternatively to or in parallel with the dispute settlement mechanism described above.

5.7 Relationship with other agreements concluded by the parties

5.21. Unless specified otherwise, previous agreements between the UK and Korea are not superseded or terminated by the Agreement (Article 15.14). The Parties agree that nothing in the Agreement requires them to act in a manner inconsistent with their obligations under the WTO Agreement. Table 5.1 shows participation by the Parties in other RTAs in force, both notified and not notified to the WTO.

Table 5.1 United Kingdom and Republic of Korea: participation in other RTAs (notified and non-notified in force), as of 14 June 2022

RTA Name	Entry into force ^a	Coverage	GATT/WTO Notification	
			Year	WTO Provision
UNITED KINGDOM				
United Kingdom – Iceland, Liechtenstein and Norway	01-Dec-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom – Mexico	01-Jun-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Serbia	20-May-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Albania	03-May-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Jordan	01-May-21	Goods	2021	GATT Art. XXIV
United Kingdom - Ghana	05-Mar-21	Goods	2021	GATT Art. XXIV

²³ If the Parties are unable to agree, the arbitrators are picked from a list of 15 individuals established by the Trade Committee no later than six months after entry into force of the Agreement. The list of arbitrators was agreed in the first Trade Committee meeting in February 2022 and the list can be found through: <https://www.gov.uk/government/publications/arbitrators-for-uk-free-trade-agreements-ftas/arbitrators-for-the-uk-republic-of-korea-free-trade-agreement-fta>.

RTA Name	Entry into force ^a	Coverage	GATT/WTO Notification	
			Year	WTO Provision
EU - United Kingdom	01-Jan-21	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
United Kingdom - Cameroon	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Canada	01-Jan-21	Goods	2020	GATT Art. XXIV
	01-Apr-21	Services	2021	GATS Art. V
United Kingdom - CARIFORUM States	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Central America	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Chile	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Colombia	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Côte d'Ivoire	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Eastern and Southern Africa States	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Ecuador and Peru	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Egypt	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Faroe Islands	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Georgia	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Israel	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Japan	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Kenya	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Kosovo ^b	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Lebanon	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Morocco	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - North Macedonia	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Norway and Iceland	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Pacific States	01-Jan-21	Goods	2020	GATT Art. XXIV
• <i>United Kingdom - Pacific States - Accession of Samoa</i>	01-Jan-21	Goods	2020	GATT Art. XXIV
• <i>United Kingdom - Pacific States - Accession of Solomon Islands</i>	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Palestine	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Republic of Moldova	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - SACU and Mozambique	01-Jan-21	Goods	2021	GATT Art. XXIV
United Kingdom - Singapore	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Switzerland - Liechtenstein	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Tunisia	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Türkiye	01-Jan-21	Goods	2020	GATT Art. XXIV
United Kingdom - Ukraine	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
United Kingdom - Viet Nam	01-Jan-21	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
REPUBLIC OF KOREA				
Republic of Korea - Central America	01-Oct-19	Goods & Services	2021	GATT Art. XXIV & GATS Art. V
Republic of Korea - Colombia	15-Jul-16	Goods & Services	2016	GATT Art. XXIV & GATS Art. V
China - Republic of Korea	20-Dec-15	Goods & Services	2016	GATT Art. XXIV & GATS Art. V
Republic of Korea - New Zealand	20-Dec-15	Goods & Services	2015	GATT Art. XXIV & GATS Art. V
Republic of Korea - Viet Nam	20-Dec-15	Goods & Services	2016	GATT Art. XXIV & GATS Art. V

RTA Name	Entry into force ^a	Coverage	GATT/WTO Notification	
			Year	WTO Provision
Canada - Republic of Korea	01-Jan-15	Goods & Services	2015	GATT Art. XXIV & GATS Art. V
Republic of Korea - Australia	12-Dec-14	Goods & Services	2014	GATT Art. XXIV & GATS Art. V
Republic of Korea - Türkiye	01-May-13 01-Aug-18	Goods Services	2013 2022	GATT Art. XXIV GATS Art. V
Republic of Korea - United States	15-Mar-12	Goods & Services	2012	GATT Art. XXIV & GATS Art. V
Peru - Republic of Korea	01-Aug-11	Goods & Services	2011	GATT Art. XXIV & GATS Art. V
EU - Republic of Korea	01-Jul-11	Goods & Services	2011	GATT Art. XXIV & GATS Art. V
ASEAN - Republic of Korea	01-Jan-10 14-Oct-10	Goods Services	2010	GATT Art. XXIV, Enabling Clause GATS Art. V
Republic of Korea - India	01-Jan-10	Goods & Services	2010	GATT Art. XXIV, Enabling Clause & GATS Art. V
EFTA - Republic of Korea	01-Sep-06	Goods & Services	2006	GATT Art. XXIV & GATS Art. V
Republic of Korea - Singapore	02-Mar-06	Goods & Services	2006	GATT Art. XXIV & GATS Art. V
Republic of Korea - Chile	01-Apr-04	Goods & Services	2004	GATT Art. XXIV & GATS Art. V
Global System of Trade Preferences among Developing Countries (GSTP)	19-Apr-89	Goods	1989	Enabling Clause
Asia Pacific Trade Agreement (APTA)	17-Jun-76 17-Sep-13	Goods Services	1976 2019	Enabling Clause GATS Art. V
• APTA - Accession of China	01-Jan-02	Goods	2004	Enabling Clause
• APTA - Accession of Mongolia	01-Jan-21	Goods & Services	Not notified	
Protocol on Trade Negotiations (PTN)	11-Feb-73	Goods	1971	Enabling Clause
Regional Comprehensive Economic Partnership (RCEP)	01-Feb-22	Goods & Services	Not notified	

a Dates of the first entry into force/provisional application for at least one of the Parties. Where dates of provisional application have been provided by the Parties, further notifications to confirm the dates of entry into force are awaited.

b Reference to Kosovo in this table shall be understood to be in the context of the United Nations Security Council resolution 1244 (1999).

Source: WTO Secretariat. Further information on these Agreements and on specific dates of entry into force/provisional applications may be found in the WTO Database on RTAs: <http://rtais.wto.org>.

5.8 Government procurement

5.22. In Article 9.1, the Parties reaffirm their rights and obligations under the WTO Agreement on Government Procurement (GPA).²⁴ For all procurement covered by Chapter 9, the Parties agree to apply the revised GPA text with the exceptions of most favoured treatment for goods, services and suppliers of any other Party (Article IV:1b and Article IV:2), special and differential treatment for developing countries (Article V), conditions for participation (Article VIII:2), institutions (Article XXI) and final provisions (Article XXII). The thresholds for covered procurement are the same as under the revised GPA.

5.23. Compared to the coverage of the GPA, the Agreement expands procurement opportunities to build-operate-transfer contracts and public works concessions above 15 million SDR, as defined in and disciplined by Annex 9 of the Agreement (Article 9.2).²⁵

²⁴ Korea and the UK are both Parties to the GPA.

²⁵ As regards the United Kingdom, Annex 9 covers public works concessions of the entities listed in Annexes 1 and 2 of the EU's Appendix I of the GPA. As regards Korea, Annex 9 covers build-operate-transfer contracts of the entities listed in Annexes 1 and 2 of Korea's Appendix I of the GPA and of all local governments located in Seoul City, Busan City, Incheon City and Gyeonggi-do.

5.24. Article 9.3 establishes a Working Group on Government Procurement to address any matter related to the operation of Chapter 9.

5.9 Intellectual property rights

5.25. Chapter 10 of the Agreement covers intellectual property and complements and specifies the rights and obligations between the Parties under the TRIPS Agreement (Article 10.2). The Parties shall ensure the implementation of the international treaties on intellectual property to which they are party, including the WTO TRIPS Agreement. They agree to exchange views and information on their practices and policies affecting the transfer of technology and to take measures to prevent or control licensing practices or conditions which may adversely affect technology transfer and which constitute abuses of intellectual property rights by right holders (Article 10.3).

5.26. Section B of Chapter 10 provides for standards concerning intellectual property rights with specific sub-sections for A) copyright and related rights, B) trademarks, C) geographical indications, D) designs, E) patents and F) other provisions.

5.27. Regarding copyright, the Parties expand their TRIPS commitment by agreeing to comply with certain articles of the Rome Convention, the Berne Convention, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty (Article 10.5). Where the term of protection of a work is to be calculated on the basis of the life of a natural person, the duration of authors' rights is fixed at least the life of the author and 70 years after the author's death (Article 10.6) and the rights of broadcasting organizations is not less than 50 years after the first transmission of a broadcast (Article 10.7).

5.28. With respect to trademarks, the Parties shall provide for a system of registration (Article 10.14) and agree to comply with the Trademark Law Treaty and make reasonable efforts to comply with the Singapore Treaty on the Law of Trademarks (Article 10.15). Limited exceptions to the rights conferred by a trademark may also be provided by the Parties (Article 10.16).

5.29. For geographical indications (GIs), the Parties agree on a number of elements for the registration and control of GIs including, *inter alia*, a register listing protected GIs, an administrative process verifying that GIs identify a good as originating in a territory, region or locality of Korea or the UK, control provisions applying to production and an objection procedure (Article 10.17).²⁶ The Parties commit to protect the GIs listed in Annex 10-A (including 63 Korean agricultural products and foodstuffs) and 10-B (including two British and one Korean spirits) of the Agreement. Article 10.24 provides that the Working Group on GIs established pursuant to Article 15.3 may decide to modify the Annexes 10-A and 10-B.

5.30. In relation with designs, the TRIPS obligations are confirmed and, in some cases, expanded. The Parties agree to provide protection for independently created designs that are new and that are original or have individual character (Article 10.26). The protection conferred by the Agreement is at least 15 years (compared to 10 years in the TRIPS Agreement) for registered designs and three years for unregistered appearance (Article 10.29).

5.31. With respect to patents, the Parties agree to make all reasonable efforts to comply with Articles 1 through 16 of the Patent Law Treaty (Article 10.32). The Agreement provides for the possible extension of up to five years of the duration of patent protection for pharmaceutical and plant protection products (Article 10.34). The protection of data related to pharmaceutical and plant protection products should be respectively at least five and ten years starting from the date of the first marketing authorization obtained in the territory of the respective Party (Articles 10.35 and 10.36).

5.32. Sub-section F includes other provisions on plant varieties, genetic resources, traditional knowledge and folklore.

5.33. Section C covers enforcement and complements the Parties' TRIPS commitments in particular Part III (Article 10.40). The Section provides disciplines on i) civil measures, procedures and

²⁶ The elements for the registration and control of GIs are contained in the Agricultural Products Quality Control Act of Korea and in the EU's Council Regulations (EC) No 510/2006 and No 1234/2007.

remedies, ii) criminal enforcement and iii) liability of online service providers. Provisions on enforcement through border measures, codes of conduct and cooperation are also included.

5.10 Competition

5.34. In Section A of Chapter 11, the Parties shall maintain comprehensive competition laws, defined in Article 11.2, which effectively address restrictive agreements, concerted practices and abuse of dominance by one or more enterprises, and which provide effective control of concentrations between enterprises (Article 11.1). The Parties shall maintain an authority or authorities responsible for and appropriately equipped for the implementation of competition laws (Article 11.3). The Article also states that, upon request, the other Party shall make available public information concerning its competition law enforcement activities and legislation related to the obligations covered by this Section.

5.35. Public enterprises and enterprises entrusted with special or exclusive rights are subject to each Party's competition laws (Article 11.4). Article 11.5 states that each Party shall adjust State monopolies of a commercial character so as to ensure that no discriminatory measure regarding the conditions under which goods are procured and marketed exists between natural or legal persons of the Parties.

5.36. Article 11.6 provides for cooperation provisions between the Parties while Article 11.7 includes provisions on consultations for both Parties. Competition-related matters are excluded from the Agreement's dispute settlement mechanism (Article 11.8).

5.37. Article 7.30 allows the Parties to maintain measures to prevent service suppliers who, alone or together, are a major service supplier from engaging in or continuing anticompetitive practices such as cross-subsidisation, using information obtained from competitors with anti-competitive results and not making available to other service suppliers on a timely basis technical information about essential facilities and commercially relevant information which are necessary for them to provide services.

5.11 Environment and labour

5.38. Chapter 13 applies to measures adopted or maintained by the Parties affecting trade-related aspects of labour and environmental issues (Article 13.2). The Parties stress that labour and environmental standards should not be used for protectionist purposes. Articles 13.3, 13.4 and 13.5 recognize the Parties' right to regulate and establish levels of labour and environmental protection and the value of international co-operation and agreement on employment and labour affairs. The Parties reaffirm their commitments to the implementation in their laws and practices of the multilateral labour and environmental agreements to which they are party such as the 2006 Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the United Nations Framework Convention on Climate Change and its Kyoto Protocol (Articles 13.4 and 13.5). They commit to upholding levels of labour and environmental protection in the application and enforcement of laws, regulations or standards (Article 13.7).

5.39. Article 13.9 provides for transparency while Article 13.11 provides for cooperation on the topics included in the indicative list in Annex 13. Article 13.12 establishes institutional mechanisms, such as the designation of contact points, the creation of a Committee on Trade and Sustainable Development and the establishment of Domestic Advisory Groups. A civil society dialogue mechanism is created in Article 13.13.

5.40. The dispute settlement mechanism of the Agreement is not applicable to matters arising under the Chapter. Disputes on environmental issues shall be resolved only through Government consultations (Article 13.14), and a panel of experts, if the issue has not been satisfactorily addressed through Government consultations (Article 13.15).

5.12 Electronic commerce

5.41. Section F of Chapter 7 covers electronic commerce. Article 7.48 provides for the prohibition of customs duties on deliveries by electronic means. Moreover, the Parties agree to promote the

development of electronic commerce which must be fully compatible with the international standards of data protection to ensure the confidence of users of electronic commerce. They also agree to maintain a dialogue on regulatory issues such as the recognition of certificates of electronic signatures, the protection of consumers and the development of paperless trading.

5.13 Small and medium-sized enterprises

5.42. The Agreement does not include provisions specific to small and medium-sized enterprises except that subsidies for SMEs are not prohibited (Article 11.11).

ANNEX 1

1. A comparison between the scheduled elimination of tariffs applied to the Parties' mutual imports and the duty rates applied by them on MFN imports is shown in Table A1.1 and Table A1.2, by HS Chapters 1-24 (agricultural products), 25-97 (industrial products) and total products. Applied MFN duty rates in 2021 serve as a comparison.

2. Korea's overall average applied MFN tariff rate in 2021 was 13.9%. The average applied tariff on agricultural goods in HS Chapters 1-24 was 50.7%, compared to an average applied tariff of 6.1% on industrial goods. The overall average tariff for imports from the UK fell to 3.3%, while the tariff for industrial and agricultural products was respectively 0.1% and 18.3%. As a result, exporters from the UK had a relative margin of preference of 76.3% overall, and 98.4% and 63.9% respectively for industrial and agricultural products. Duty-free tariff lines for imports from MFN sources accounted for 19.6% of all tariff lines, 23.3% for industrial products and only 2.5% for agriculture. Under the Agreement, the share of duty-free tariff lines overall in 2021 was 93.8% (65.7% for agricultural products and 99.7% for industrial products). By the end of implementation in 2031, UK exporters will face zero duties on 99.4% of Korea's tariff lines (100% for industrial products and 96.8% for agricultural products).

Table A1.1 Korea: Indicators of MFN tariff rates and preferential rates for imports from the United Kingdom

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	13.9	17.3	19.6	50.7	52.0	2.5	6.1	7.9	23.3
UK	2021 (from 01 January to 30 June)	3.3	53.1	93.8	18.3	53.2	65.7	0.1	42.3	99.9
	2021 (from 1 July)	2.9	131.6	97.8	16.3	133.1	87.8	0.02	48.3	99.95
	2022	2.7	120.8	97.8	15.0	122.6	87.8	0.01	24.2	99.95
	2023	2.4	122.7	98.0	13.7	123.3	88.9	0.0	1.4	99.99
	2024	2.2	133.0	98.4	12.5	133.0	90.6	0.0	0.0	100
	2025	2.0	122.6	98.4	11.5	122.6	90.6	0.0	0.0	100
	2026	1.9	263.6	99.3	10.5	263.6	96.0	0.0	0.0	100
	2027	1.8	260.3	99.3	10.4	260.3	96.0	0.0	0.0	100
	2028	1.8	259.9	99.3	10.2	259.9	96.1	0.0	0.0	100
	2029	1.8	307.1	99.4	10.1	307.1	96.7	0.0	0.0	100
	2030	1.8	307.0	99.4	10.1	307.0	96.7	0.0	0.0	100
	2031	1.8	315.9	99.4	10.1	315.9	96.8	0.0	0.0	100

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* parts of alternate rates are included. Based on the HS 2017 nomenclature.

Source: WTO estimates based on data provided by the Korean authorities and the WTO-IDB.

3. The UK's overall average applied MFN tariff rate in 2021 was 3.8%. The average applied tariff on agricultural goods in HS Chapters 1-24 was 8.9%, compared to an average applied tariff of 2.5% on industrial goods. As a result, Korean exporters had a relative margin of preference of 99.95% overall and respectively 100% and 99.9% for industrial and agricultural products. Duty-free tariff

lines on an MFN basis accounted for 47% of all tariff lines. Under the Agreement in 2021, the share of duty-free tariff lines overall was 99.6% (98.6% for agricultural products and 100% for industrial products).

Table A1.2 United Kingdom: Indicators of MFN and preferential rates for imports from Korea, Republic of

Origin of goods	Year	ALL PRODUCTS			HS Chapters 01-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
MFN	2021	3.8	7.8	47.0	8.9	12.0	18.8	2.5	5.8	57.1
Korea, Republic of	2021	0.002	6.0	99.6	0.01	6.0	98.6	0.0	0.0	100.0

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. For the tariff lines subject to seasonal duties (0302.41.00, 0302.43.90, 0302.44.00, 0303.51.00, 0303.53.90, 0303.54.10, 0303.89.40, 0304.59.50, 0304.99.23, 0702.00.00, 0708.10.00, 0805.10.22, 0805.10.24, 0805.10.28, 0808.10.80, 0808.30.90, 0809.29.00 and 0809.40.05) the average rate for the entire year is used for the calculation. The products classified beyond the HS 8-digit level are counted once and their tariff rates are averaged to the 8-digit level.

Source: WTO estimates based on data provided by the UK.

4. Table A1.3 shows the market access opportunities in Korea for the UK's top 25 exports, which in 2018-2020 covered 202 HS lines and accounted for 38.4% of the UK's global exports. 58 lines were already duty free on an MFN basis in Korea's market in 2021 while the remaining 144 became duty-free under the Agreement.

Table A1.3 Korea: Market access opportunities under the agreement for United Kingdom's top 25 exports to the world

United Kingdom's top export products in 2018 -2020			Access Conditions to Korea's import markets				
HS number and description of the product		Share in global exports (%)	MFN 2021			Duty Free under the Agreement	Remain dutiable
			Avg. MFN applied rate (%)	Number of lines			
				duty- free	duti- able		
710813	Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes	5.6	3.0		5	5	
270900	Petroleum oils and oils obtained from bituminous minerals, crude	4.9	3.0		10	10	
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes,	3.2	8.0		7	7	
880330	Parts of aeroplanes or helicopters, n.e.s.	2.9	0.0	2			
841112	Turbojets of a thrust > 25 kn	2.6	6.3		3	3	
870323	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity > 1.500 cm³ but <= 3.000 cm³	2.4	8.0		4	4	
841191	Parts of turbojets or turbopropellers, n.e.s.	2.1	5.5		2	2	
870324	Motor cars and other motor vehicles principally designed for the transport of<10 persons, of a cylinder capacity>3.000 cm³	1.7	8.0		4	4	
220830	Whiskies	1.3	20.0		4	4	

United Kingdom's top export products in 2018 -2020			Access Conditions to Korea's import markets				
HS number and description of the product		Share in global exports (%)	MFN 2021			Duty Free under the Agreement	Remain dutiable
			Avg. MFN applied rate (%)	Number of lines			
				duty- free	duti- able		
271012	Light oils and preparations	1.3	2.8		6	6	
970110	Paintings, e.g. oil paintings, watercolours and pastels, and drawings executed entirely by hand	1.3	0.0	3			
870322	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity > 1.000 cm³ but <= 1.500 cm³	1.2	8.0		2	2	
711319	Articles of jewellery and parts thereof, of precious metal other than silver	1.0	8.0		3	3	
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	1.0	6.3		41	41	
870332	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity > 1.500 cm³ but <= 2.500 cm³	0.7	8.0		4	4	
300220	Vaccines for human medicine	0.6	0.0	1			
870340	Motor cars and other motor vehicles principally designed for the transport of <10 persons, of a cylinder capacity > 1.500 cm³ but <= 2.500 cm³	0.6	8.0		2	2	
711021	Palladium, unwrought or in powder form	0.6	3.0		1	1	
300215	Immunological products, for retail sale	0.6	0.0	1			
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data	0.6	0.0	33			
382200	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents	0.5	7.7	15	32	32	
490199	Printed books, brochures and similar printed matter	0.5	0.0	2			
870333	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only diesel engine of a cylinder capacity > 2.500 cm³	0.5	8.0		2	2	
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine"	0.4	5.9	1	6	6	
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons	0.4	8.0		6	6	
	Total of above	38.4		58	144	144	0

Note: For the calculation of averages, specific rates are excluded, and the *ad valorem* parts of alternate rates are included.
Based on the HS 2017 nomenclature.

Source: WTO estimates based on the data provided by the Korean and the UK authorities and the WTO-IDB.

5. Table A1.4 shows the market access opportunities in the UK for Korea's top 25 exports, which in 2018-2020 covered 100 HS lines and accounted for 47.1% of Korea's global exports. 63 HS lines were already duty free on an MFN basis in the UK's market in 2021 while the remaining 37 became duty-free under the Agreement.

Table A1.4 United Kingdom: Market access opportunities under the agreement for Korea's top 25 exports to the world

Korea's top export products in 2018-20			Access Conditions to UK's markets				
HS number and description		Share in global exports (%)	MFN 2021			No. of duty free lines under the agreement	Remain Dutiable
			Avg. Tariff (%)	No. of duty-free lines	No. of dutiable lines	2021	
854232	Electronic integrated circuits as memories	11.4	0.0	10			
271019	Medium oils and preparations	4.9	1.2	12	13	13	
854231	Electronic integrated circuits as processors and controllers	4.0	0.0	3			
870323	Motor cars and other motor vehicles	3.3	10.0		3	3	
847330	Parts and accessories of automatic data-processing machines	2.2	0.0	2			
890120	Tankers	2.0	0.0	2			
851770	Parts of telephone sets, telephones for cellular networks or for other wireless networks	1.9	0.0	1			
271012	Light oils and preparations	1.5	3.3	2	9	9	
852990	Parts suitable for use solely or principally with transmission and reception apparatus	1.5	0.0	8			
870899	Parts and accessories, for tractors, motor vehicles	1.5	2.7		3	3	
901380	Liquid crystal devices	1.3	0.0	3			
290243	p-xylene	1.0	0.0	1			
852351	Solid-state, non-volatile data storage devices	1.0	0.0	2			
870322	Motor cars and other motor vehicles	1.0	10.0		2	2	
890190	Vessels for the transport of goods and vessels for the transport of both persons and goods	1.0	0.0	2			
854239	Electronic integrated circuits	1.0	0.0	3			
330499	Beauty or make-up preparations	0.9	0.0	1			
851712	Telephones for cellular networks	0.9	0.0	1			
853400	Printed circuits	0.9	0.0	3			
850760	Lithium-ion accumulators	0.8	1.9		1	1	
847989	Machines and mechanical appliances	0.7	0.0	4			
854140	Photosensitive semiconductor devices	0.7	0.0	2			
870324	Motor cars and other motor vehicles	0.6	10.0		2	2	
870840	Gear boxes and parts thereof	0.5	3.0		4	4	
848630	Machines and apparatus for the manufacture of flat panel displays	0.5	0.0	1			
Total of above		47.1	1.7	63	37	37	0

Note: Tariff lines subject to in-quota rates are excluded in the computation. For the calculation of averages, specific rates are excluded, and the *ad valorem* part of alternate rates are included. The products classified beyond the HS 8-digit level are counted once and their tariff rates are averaged to the 8-digit level.

Source: WTO estimates based on data provided by UK and UNSD Comtrade Database.

ANNEX 2

Table A2.1 Korea: Tariff Rate Quotas under the Agreement (metric tonnes, MT)

		Malt and Malting Barley					Supplementary feeds, animal		
		Quantity	1003001000		1107100000		Quantity	2309902010, 2309902020, 2309902099, 2309909090	
			In-quota rate (%)	Out-of-quota rate (%)	In-quota rate (%)	Out-of-quota rate (%)		In-quota rate (%)	Out-of-quota rate (%)
MFN	2020	30,000 ^a	30	513	30	269	4,171.4	5	50.6
Agreement	2021 (from 1 January to 30 June)	1,567	0	192.3	0	100.8	627	0	11.6
	2021 (from 1 July)	1,614	0	160.3	0	84	646	0	7.7
	2022	1,662	0	128.2	0	67.2	665	0	3.8
	2023	1,712	0	96.1	0	50.4	Unlimited	0	
	2024	1,764	0	64.1	0	33.6	Unlimited	0	
	2027	1,816	0	32	0	16.8	Unlimited	0	
	2028	Unlimited	0		0		Unlimited	0	

a The MFN quantity for 1107100000 is 40,000 metric tonnes.

Note: Based on the HS 2007 nomenclature.

Source: Based on the data provided by the Korean authorities and the WTO-IDB.