



Committee on Regional Trade Agreements

FACTUAL PRESENTATION

INDONESIA-KOREA COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT

(GOODS AND SERVICES)

Report by the Secretariat

This report, prepared for the consideration of the Indonesia-Korea Comprehensive Economic Partnership Agreement, 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

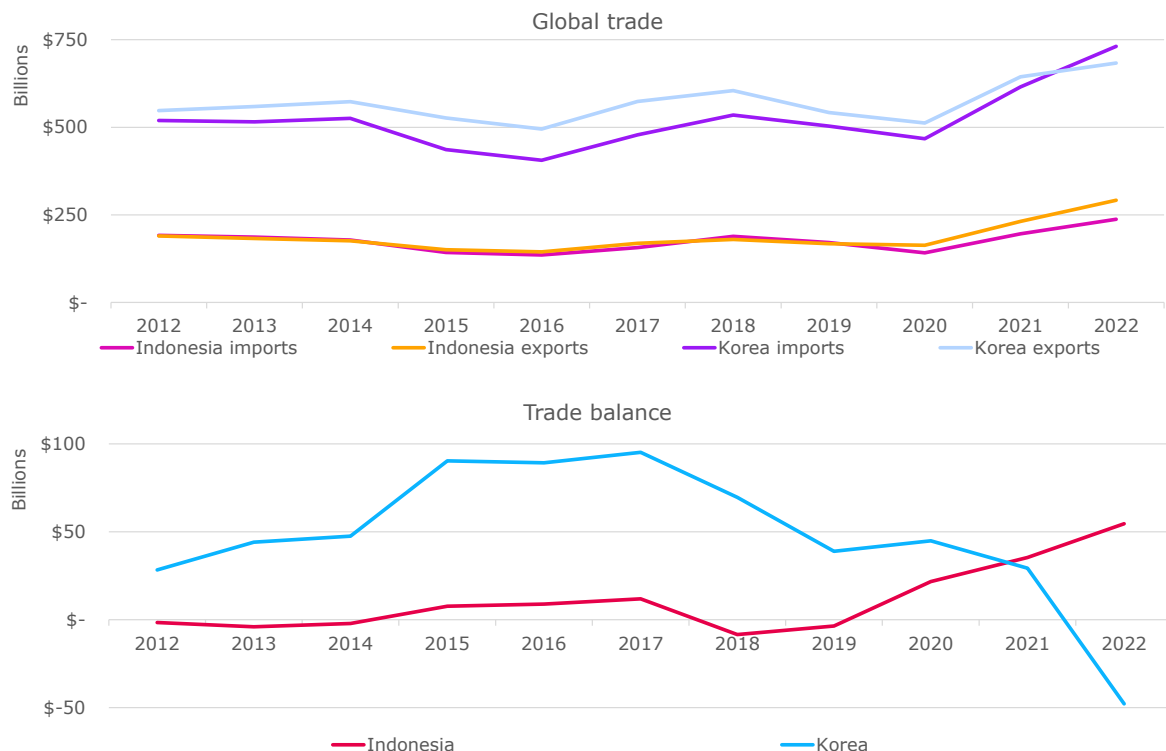
Parties to the Agreement:	Indonesia and the Republic of Korea
Date of Signature:	18 December 2020
Date of Entry into Force:	01 January 2023
Date of Notification:	15 June 2023
Full implementation:	2042

1 TRADE ENVIRONMENT

1.1. The Comprehensive Economic Partnership Agreement between Indonesia and the Republic of Korea (hereinafter the Agreement) is the 14th RTA in force notified to the WTO by Indonesia and the 22nd by Korea.

1.2 Merchandise trade

1.2. The Republic of Korea (hereinafter Korea) is the larger economy among the Parties in terms of both imports and exports of merchandise (Chart 1.1). On average, in 2020-2022, Indonesia's imports from and exports to the world were respectively USD 192 billion and USD 229 billion; in the same period, Korea's global imports and exports were on average USD 605 billion and USD 613 billion. Between 2012 and 2020, imports and exports of goods remained relatively stable for both Parties with an increase of the trend starting in 2021. Indonesia's trade balance fluctuated around zero until 2019 and showed an upward positive trend starting from 2020. Korea's trade surplus, consistent until 2021, turned into a deficit in 2022 as exports fell.

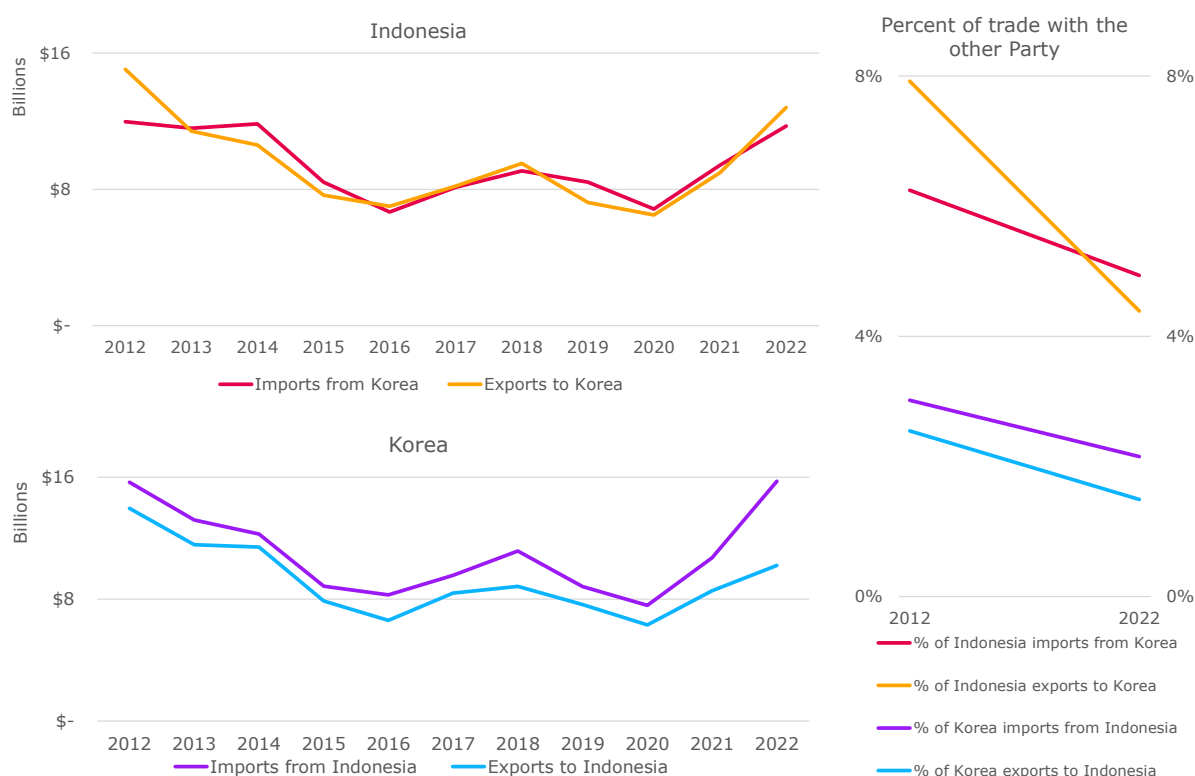
Chart 1.1 Merchandise trade with the world (2012-2022)

Source: UNSD Comtrade database.

1.3. Bilateral imports and exports between the Parties followed a negative trend between 2012 and 2020 and increased again starting from 2021 reaching values similar to those at the beginning of the period (left panels of Chart 1.2). The right panel of Chart 1.2 shows that the relative importance of Korea in Indonesia's imports and exports registered a negative trend with 8% of Indonesia's global exports going to Korea in 2012 and around 4% in 2022, and with 6% of Indonesia's global imports coming from Korea in 2012 and 5% in 2022.¹ A similar pattern can be detected in the relevance of Indonesia in Korea's trade: in 2012, Indonesia represented 3% and 2.5% of Korea's global imports and exports respectively while, in 2022, the corresponding shares were 2 and 1.5%.²

¹ In 2022 and excluding intra-EU trade, Korea was the 5th largest source of Indonesian imports and the 9th destination of Indonesian exports.

² In 2022 and excluding intra-EU trade, Indonesia was the 10th largest source of Korean imports and the 14th destination of Korean exports.

Chart 1.2 Bilateral merchandise trade (2012-2022)

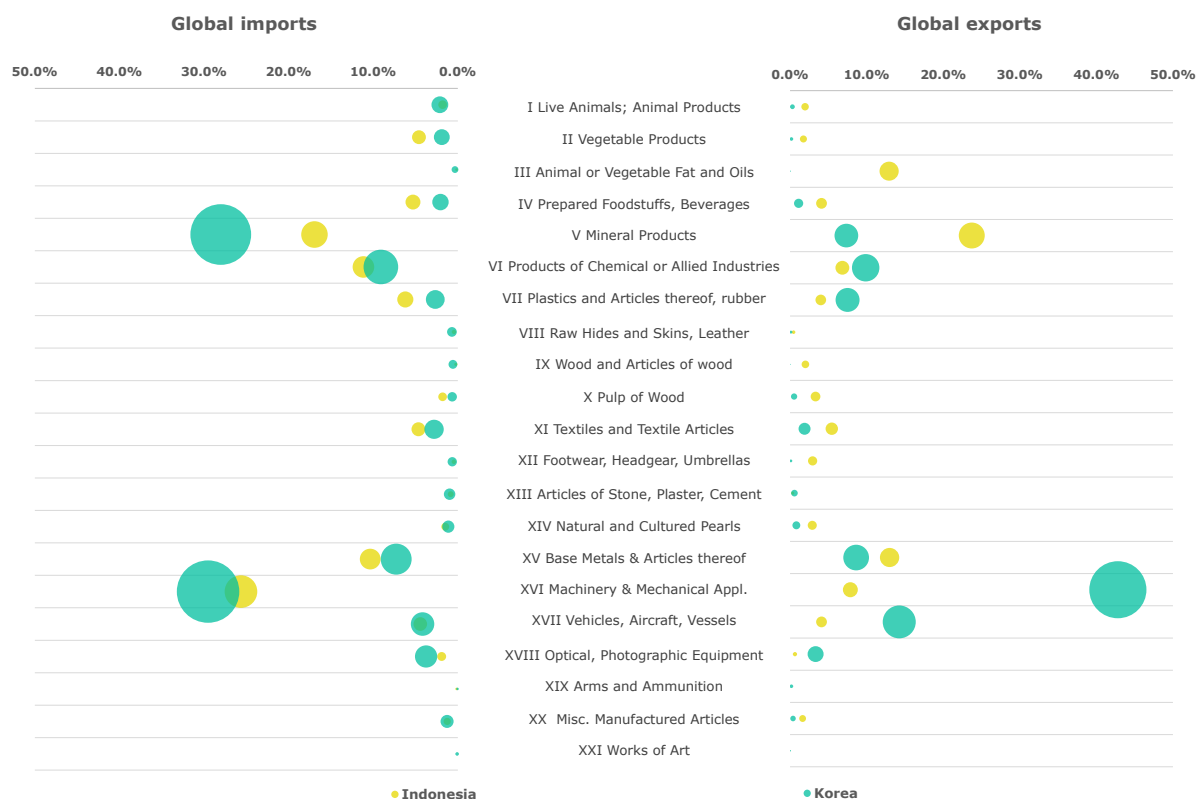
Source: UNSD Comtrade database.

1.4. In 2021, Indonesia's main merchandise imports and exports were of manufactured goods, accounting for around 65% of its imports and 45% of exports.³ In the same year, Korea mainly imported and exported manufactured goods with shares of 61% and 88%. Chart 1.3 and Chart 1.4 provide more details on the composition of global and bilateral merchandise trade of the Parties by HS Section.

1.5. The main global imports of Indonesia in the period 2020-2022 were machinery, mineral products and chemicals with shares ranging between 26% and 11%. The largest global imports of Korea in the same period were machinery, minerals and chemicals (shares between 30% and 9%). The main global exports of Indonesia in the period 2020-2022 were mineral products, base metals and animal products with shares ranging between 24% and 13% (Chart 1.3). Korea's imports from Indonesia were also dominated by these products with 43% of its imports being mineral products while base metals and chemicals represented around 9% each of bilateral imports (Chart 1.4). As described in Section 3.1.3.1, Indonesia excluded some tariff lines in these Sections from liberalization under the Agreement.

1.6. The largest global exports of Korea in the same period were machinery, vehicles and chemicals with shares between 43% and 10% (Chart 1.3) of which machinery was the largest product group imported by Indonesia from Korea (25%); it was followed by base metals and plastics (18% and 13%) (Chart 1.4). As described in Section 3.1.3.2, Korea will eliminate all duties in these Sections within ten years of implementation of the Agreement.

³ WTO Trade Profiles 2023.

Chart 1.3 Composition of global merchandise imports and exports by HS Section (average 2020-2022)

Source: UNSD Comtrade database.

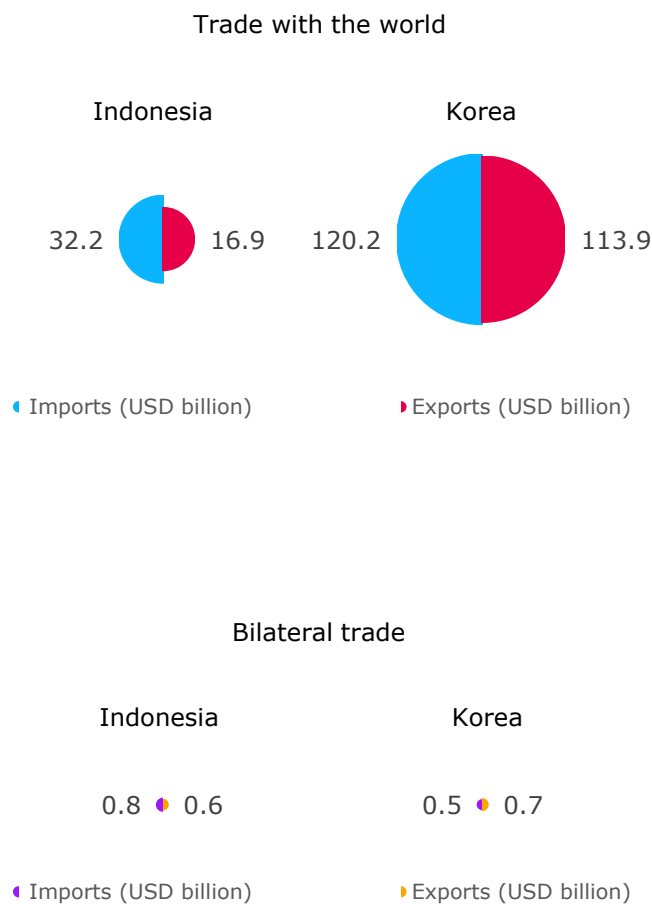
Chart 1.4 Composition of bilateral merchandise imports by HS Section (average 2020-2022)

Source: UNSD Comtrade database.

1.3 Trade in services and investment

1.7. Korea is the larger of the two economies also in terms of imports and exports of services (Chart 1.5). On average, in 2020-2022, Indonesia's services imports from and exports to the world were respectively USD 32 billion and USD 17 billion. In the same period, Korea's global imports and exports of services were on average USD 120 billion and USD 114 billion. Bilateral services trade between the Parties is relatively small. Indonesia imported USD 800 million from Korea and exported USD 600 million respectively representing 2.5% and 3.3% of its global services imports and exports. Korea imported USD 500 million from Indonesia and exported USD 700 million respectively representing 0.4% and 0.6% of its global services imports and exports. Both Parties registered a global trade deficit while, bilaterally, Korea had a surplus.

Chart 1.5 Services trade with the world (average 2020-2022)

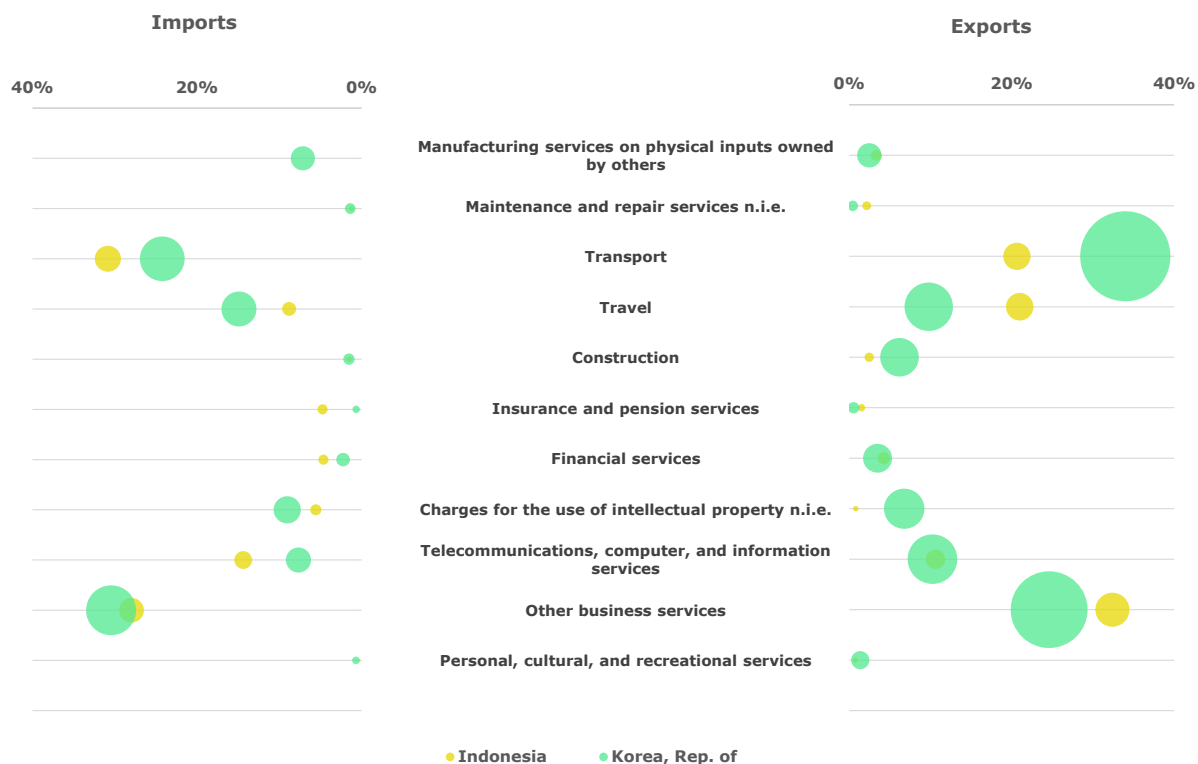


Note: Bilateral trade in services of Korea is averaged over 2020 and 2021 since data for 2022 is not available.

Source: WTO Statistics database and Parties' authorities.

1.8. Chart 1.6 and Chart 1.7 show the composition of average global and bilateral services trade by category in 2020-2022.⁴ Transport services, other business services and telecommunication services were the largest global services imports of Indonesia with respective shares of 31%, 28% and 14%. Other business services, travel and transport services were Indonesia's largest exports to the world with shares of 32%, 21% and 21%. Other business services, transport and travel were also the largest global services imports of Korea with shares of 30%, 24% and 15% while transport (34%), other business services (25%) and telecommunication services (10%) were the largest exports.

⁴ Bilateral trade in services data for Korea in 2022 is not available, therefore the averages are taken over the period 2020-2021.

Chart 1.6 Global trade in commercial services by category (average 2020-2022)

Source: Parties' authorities.

1.9. Indonesia's largest imports from and exports to Korea were transport services (58% of bilateral imports and 34% of bilateral exports) and other business services (20% and 24%). Korea's largest imports from Indonesia were travel services (31%), other business services (24%) and transport services (22%) while the largest exports to Indonesia were transport services (35%), other business services (20%) and construction services (19%).

Chart 1.7 Bilateral trade in commercial services by category, (average 2020-2022 for Indonesia and 2020-2021 for Korea)

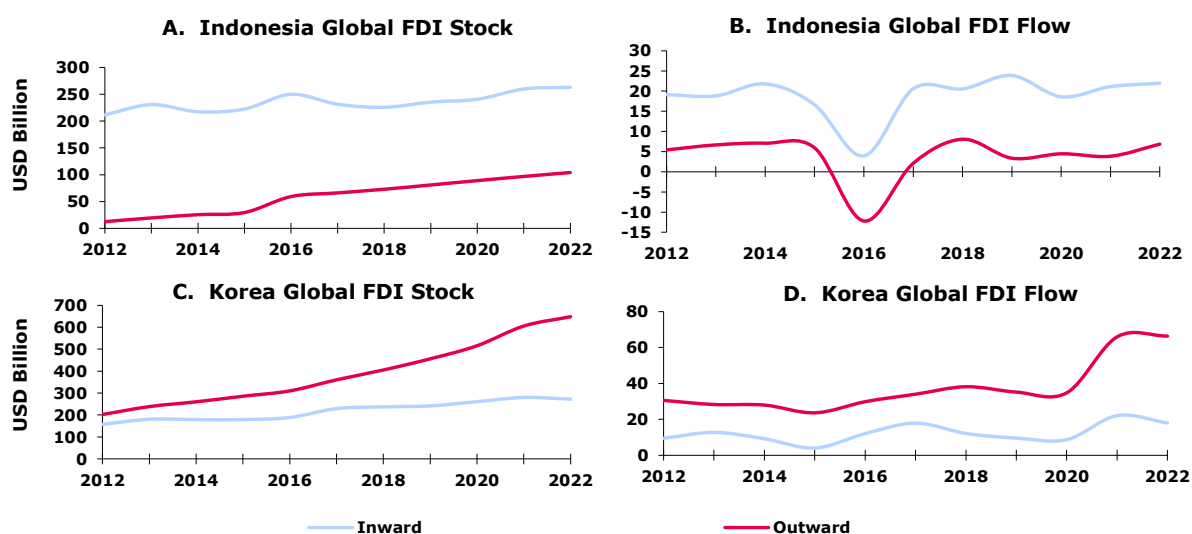


Notes: Bilateral trade in services of Korea is averaged over 2020 and 2021 since data for 2022 is not available.

Source: Parties' authorities.

1.10. Chart 1.8 shows global FDI stocks and flows of the Parties between 2012 and 2022. Indonesia was a net recipient of FDI throughout the period while Korea was a net global source of investment. Bilateral FDI data are not available.

Chart 1.8 FDI stocks and flows with world (2012-2022)



Source: UNCTADStat.

2 CHARACTERISTIC ELEMENTS OF THE AGREEMENT

2.1 Background information

2.1. The Agreement was signed on 18 December 2020 and notified to the WTO on 15 June 2023 under Article XXIV:7(a) of GATT 1994 and Article V:7(a) of the GATS (see documents WT/REG469/N/1 - S/C/N/1135). It entered into force on 01 January 2023.

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

Indonesia: <https://www.kemendag.go.id/s/TeksIKCEPA>

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

2.3. The Agreement is composed of 13 Chapters, two Annexes and nine Chapter specific Annexes (including the Parties' tariff elimination schedules) also form part of the Agreement. Box 2.1 below summarizes the structure of the Agreement.

Box 2.1 Structure of the Agreement

Chapters	Annexes/Appendices
Preamble	
Chapter 1 – General provisions	
Chapter 2 – National treatment and market access for goods	Annex 2-A – Reduction or elimination of customs duties
Chapter 3 – Rules of origin and origin procedures	Annex 3-A – Product specific rules Annex 3-B-1 – Certificate of Origin Annex 3-B-2 – Certificate of Origin (Additional Pages)
Chapter 4 – Customs procedures and trade facilitation	
Chapter 5 – Trade remedies	
Chapter 6 – Trade in services	Annex 6-A – Financial services Annex 6-B – Movement of natural persons Annex 6-C – Professional services Annex 6-D – Schedule of specific commitments of Korea Annex 6-E – Schedule of specific commitments of Indonesia
Chapter 7 – Investment	Annex 7-A – Customary International law Annex 7-B – Expropriation Annex 7-C – Temporary Safeguard Measures
Chapter 8 – Economic cooperation	
Chapter 9 – Transparency	
Chapter 10 – Dispute settlement	Annex 10-A – Rules of procedures for arbitrators

Chapters	Annexes/Appendices
	Annex 10-B – Code of conduct for arbitrators
Chapter 11 – Exceptions	
Chapter 12 – Institutional provisions	
Chapter 13 – Final provisions	
Annex I	
Annex II	

Source: WTO Secretariat based on the Agreement.

2.4. The Agreement establishes a free trade area between the Parties (Article 1.2). Its objectives include, inter alia, the achievement of substantial liberalization of trade in goods and trade in services, the promotion of fair competition and the establishment of a framework for cooperation and capacity building (Article 1.3).

2.5. The Parties may agree, in writing, to amend the Agreement (Article 13.2) and if any provision of the WTO Agreement that the Parties have incorporated into the Agreement is amended, the Parties shall, upon request, consult to consider amending the relevant provisions of the Agreement (Article 13.3).

2.6. The Agreement is also subject to review at any time following one year after its entry into force upon the request of a Party, with a view to updating and enhancing it to further its objectives, through negotiations, as appropriate (Article 13.5).

3 PROVISIONS ON TRADE IN GOODS

3.1. Chapter 2 contains provisions specific to national treatment and market access for goods.

3.1 Import duties and charges, and quantitative restrictions

3.1.1 General provisions

3.2. Article 2.3 provides for national treatment to the goods of the Parties in accordance with Article III of GATT 1994 which is incorporated into and forms an integral part of the Agreement, *mutatis mutandis*.

3.3. Articles 2.6 and 2.7 contain provisions on, respectively, the temporary admission of goods and duty-free entry of samples of no commercial value.

3.4. Article 2.8 prohibits the Parties from adopting or maintaining any non-tariff measure on the importation or exportation of any good, except in accordance with their WTO rights and obligations or the Agreement. Article 2.9 similarly does not permit restrictions or prohibitions on imports and incorporates Article XI of the GATT 1994 *mutatis mutandis* into the Agreement. Each Party shall ensure the transparency of its non-tariff measures permitted by the Article and shall ensure that any such measures are not creating unnecessary obstacles to trade between the Parties. Article 2.10 provides for technical consultations on non-tariff measures.

3.1.2 Liberalization of trade and tariff lines

3.5. Except as otherwise provided in this Agreement, neither Party shall increase any existing customs duty, or adopt any new customs duty, on an originating good (Article 2.4).

3.1.3 Liberalization schedule

3.6. The Parties liberalization schedules are contained in Annex 2-A. They shall consult, upon request, to consider accelerating the reduction or elimination of customs duties set out in their

schedules and a Party may unilaterally accelerate the reduction or elimination of customs duties set out in its schedule (Article 2.4).

3.1.3.1 Indonesia

3.7. Table 3.1 shows Indonesia's tariff elimination commitments under the Agreement.⁵ In 2023, Indonesia provided MFN duty-free access for 1,349 (11.8%) of its tariff lines corresponding to 32.9% of its imports from Korea during 2020-2022. With the entry into force of the Agreement in 2023, Indonesia granted preferential duty-free access on an additional 8,459 (74.1%) tariff lines corresponding to 56.1% of its imports from Korea. Following ten years of implementation (by 2032) Indonesia would have liberalized 90.3% of its tariffs corresponding to 91.7% of its imports from Korea. By the end of implementation in 2042, Indonesia will maintain duties on 965 lines (8.5% of tariff lines and 7.3% of imports).

Table 3.1 Indonesia: Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	Tariff lines in Indonesia's tariff schedule		Indonesia's imports from Korea (2020-2022)	
	Number	%	Value (USD Million)	%
MFN 2023	1,349	11.8	3,065.9	32.9
2023	8,459	74.1	5,238.9	56.1
2025	29	0.3	27.7	0.3
2027	71	0.6	11.3	0.1
2029	90	0.8	49.4	0.5
2032	314	2.8	163.9	1.8
2037	113	1.0	89.5	1.0
2042	24	0.2	0.3	0.0
Remain dutiable*	965	8.5	684.3	7.3
Total	11,414	100.0	9,331.3	100.0

* 112 tariff lines are in staging category EX* where customs duty shall not be applied to originating goods imported and used directly by approved manufacturers, approved steel service centres and approved supporting industries in such sectors as automotive, motorcycle and components thereof, electrical and electronics, construction machinery and heavy equipment, and petroleum, gas and electric power.

Note: Based on the HS 2022 nomenclature.

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

3.8. Table 3.2 shows Indonesia's tariff liberalization by HS Section. The 965 remaining dutiable lines for imports from Korea are in thirteen different HS Sections. The average final tariff for those lines ranges between 5% (animal or vegetable fats and oils and mineral products) and 64.7% (prepared foodstuffs).

Table 3.2 Indonesia: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2023			Lines under the Agreement								Average Dutiable Tariff
	Average Tariff (%)	Number of lines	Duty free lines	Duty Free							Remain Dutiable	
				2023	2025	2027	2029	2032	2037	2042		
I	5.3	624	34	456			2	29	20	19	64	5.4
II	5.4	513	52	339	1		13	33	11	5	59	9.2
III	4.3	187	25	152							10	5.0
IV	23.2	502	12	358		2	1	2			127	64.7

⁵ Of the 11,414 lines in Indonesia's MFN tariff schedule, 11,384 (99.7%) had *ad valorem* rates while 30 lines (0.3%) were specific.

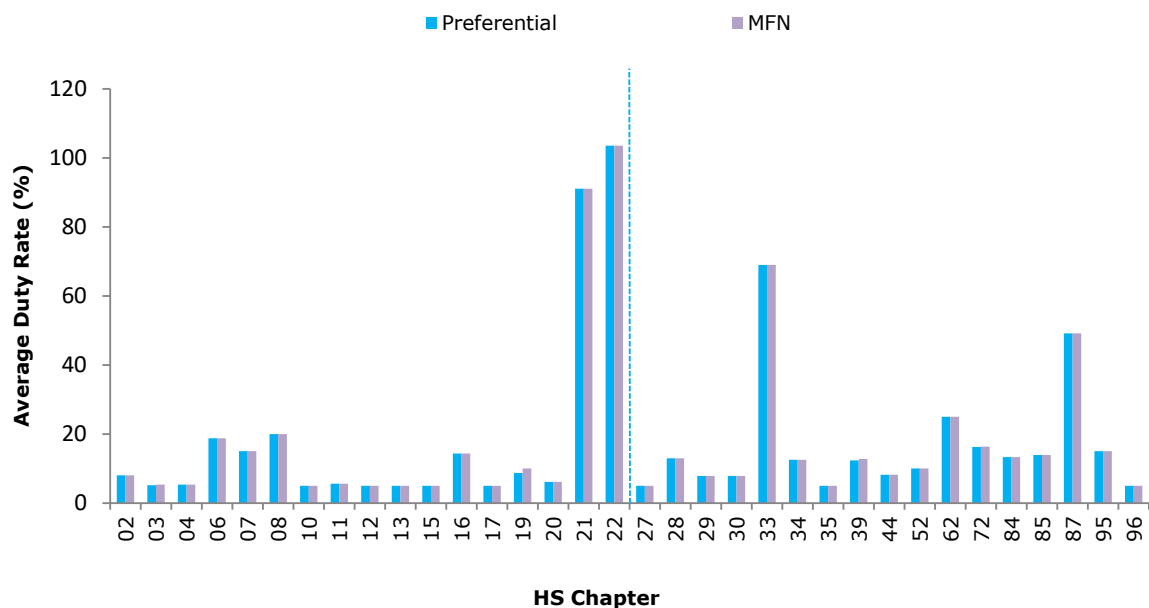
HS Section	MFN 2023			Lines under the Agreement								Average Dutiable Tariff
	Average Tariff (%)	Number of lines	Duty free lines	Duty Free							Remain Dutiable	
				2023	2025	2027	2029	2032	2037	2042		
V	3.2	219	84	131		2					2	5.0
VI	5.0	1,333	203	1,082	1		2	8	1		36	18.1
VII	9.5	600	8	433		1		14	5		139	12.4
VIII	8.7	92	31	61								
IX	5.1	267	137	111							19	8.2
X	4.5	310	47	263								
XI	15.3	1,180	6	1,131			9	21	8		5	19.0
XII	16.8	92		90				2				
XIII	9.2	266	2	241		23						
XIV	6.3	80	18	60				2				
XV	9.4	1,073	130	542	19	41	46	67	49		179*	16.3
XVI	5.7	2,212	436	1,696	8	2	16	18	12		24	13.8
XVII	26.2	1,188	85	682				115	7		299	49.1
XVIII	5.7	313	29	284								
XIX	5.9	32		32								
XX	10.7	312	7	299			1	3			2	10.0
XXI	5.3	19	3	16								
Total	10.2	11,414	1,349	8,459	29	71	90	314	113	24	965	30.8

* 112 tariff lines are in staging category EX* where customs duty shall not be applied to originating goods imported and used directly by approved manufacturers, approved steel service centres and approved supporting industries in such sectors as automotive, motorcycle and components thereof, electrical and electronics, construction machinery and heavy equipment, and petroleum, gas and electric power.

Note: Based on the HS 2022 nomenclature.

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

3.9. At the HS Chapter level, the average remaining preferential duties are the same as the average MFN rates with the exception of Chapters 03 (fish), 19 (preparation of cereals), 39 (plastics) and 72 (iron and steel) for which Indonesia provides for a small margin of preference (Chart 3.1). Average tariffs are highest for Chapters 22 (beverages and spirits), 21 (miscellaneous edible preparations), 33 (essential oils and resinoids) and 87 (motor vehicles), ranging from between 40% and 100%.

Chart 3.1 Average of dutiable rates, by HS Chapter

Note: Based on the HS 2022 nomenclature.

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

3.1.3.2 Korea

3.10. Table 3.3 shows Korea's tariff elimination commitments under the Agreement.⁶ In 2023, Korea provided MFN duty-free access for 2,239 (19.8%) of its tariff lines corresponding to 41.5% of its imports from Indonesia during 2020-2022. With the entry into force of the Agreement in 2023, Korea granted preferential duty-free access on an additional 8,079 (71.5%) tariff lines corresponding to 51.9% of its imports from Indonesia. Following ten years of implementation Korea would have liberalized 94.7% of the tariff corresponding to 97.1% of its imports from Indonesia. By the end of the implementation in 2042, Korea will maintain duties on 560 lines (5% of tariff lines and 2.9% of imports).

Table 3.3 Korea: Tariff elimination commitments under the Agreement and corresponding average trade

Duty phase-out period	Tariff lines in Korea's tariff schedule		Korea's imports from Indonesia (2020-2022)	
	Number	%	Value (USD Million)	%
MFN 2023	2,239	19.8	4,527.5	41.5
2023	8,079	71.5	5,656.8	51.9
2025	93	0.8	280.1	2.6
2027	51	0.5	19.7	0.2
2029	10	0.1	0.1	0.0
2032	226	2.0	95.6	0.9
2037	19	0.2	2.4	0.0
2042	16	0.1	0.9	0.0
Remain dutiable	560	5.0	319.8	2.9
Total	11,293	100.0	10,902.9	100.0

Note: Based on the HS 2022 nomenclature.

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

⁶ Of the 11,293 lines in Korea's MFN tariff schedule, 11,229 (99.4%) had *ad valorem* rates while 64 lines (0.6%) had mixed duties.

3.11. Table 3.4 shows Korea's tariff liberalization by HS Section. The 560 remaining dutiable lines for imports from Indonesia are in eight different HS Sections including Sections I-IV relating to agriculture. The average final tariff for those lines ranges between 8% (textiles and miscellaneous manufactured articles) and 368.9% (chemicals).

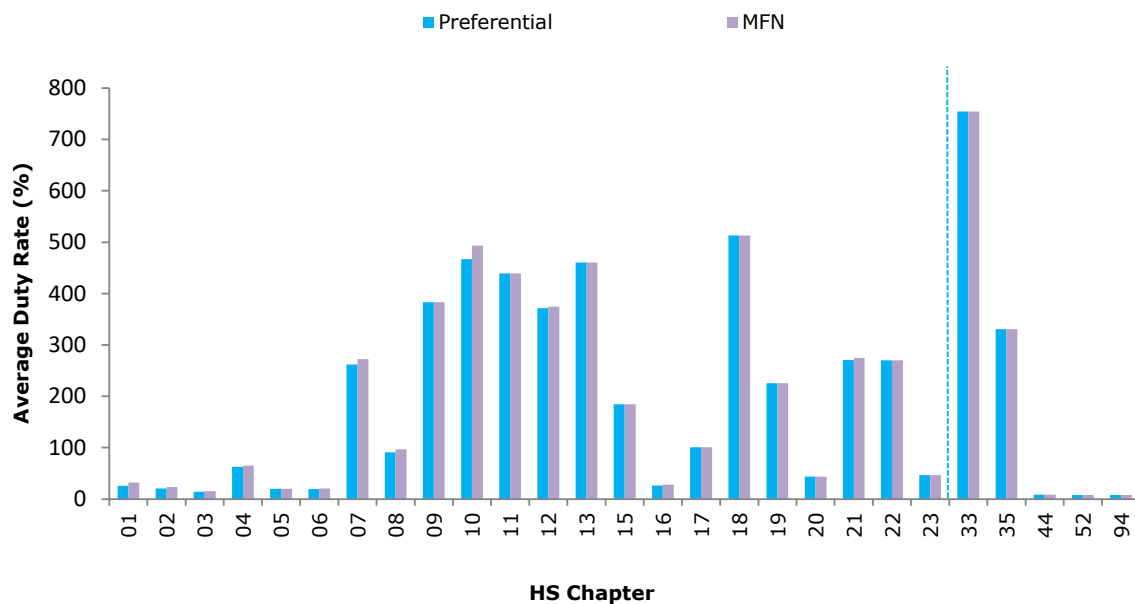
Table 3.4 Korea: Tariff elimination under the Agreement, by HS Section

HS Section	MFN 2023			Lines under the Agreement								Average Dutiable Tariff
	Average Tariff (%)	Number of lines	Duty free lines	Duty Free							Remain Dutiable	
				2023	2025	2027	2029	2032	2037	2042		
I	20.6	749	21	442	4		3	87	7		185	29.8
II	110.7	684	29	400	1	5		36	2	5	206	301.5
III	13.3	109		93	1	11					4	184.5
IV	29.3	552	3	376	4	32	5	32	9	11	80	94.0
V	3.8	385	49	322	14							
VI	7.6	1,870	185	1,627	42	1		3	1		11	368.9
VII	6.6	364	6	338	16	2		2				
VIII	6.6	179	26	153								
IX	5.5	359	55	176			2	62			64	8.2
X	0.0	252	252									
XI	9.8	1,113	28	1,074				2			9	8.0
XII	10.3	82		82								
XIII	7.7	319	1	308	10							
XIV	4.9	106	5	101								
XV	4.0	1,006	415	590	1							
XVI	4.8	1,931	699	1,230				2				
XVII	6.1	401	94	307								
XVIII	4.1	455	209	246								
XIX	3.4	81	47	34								
XX	5.5	263	82	180							1	8.0
XXI	0.0	33	33									
Total	14.5	11,293	2,239	8,079	93	51	10	226	19	16	560	143.8

Note: For the calculation of averages, specific rates are excluded while the *ad valorem* parts of alternate rates are included.
Based on the HS 2022 nomenclature.

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

3.12. At the HS Chapter level, Korea provides for a margin of preference in 12 Chapters ranging from 27 percentage points (HS Chapter 10, cereals) to 0.2 percentage points (HS Chapter 44, wood) while average preferential duties are equal to average MFN duties in 15 Chapters (Chart 3.2). The highest average rates are found in Chapters 33 (essential oils and resinoids at 754.3%) and 18 (cocoa and cocoa preparations at 513%).

Chart 3.2 Average of dutiable rates, by HS Chapter

Note: For the calculation of averages, specific rates are excluded while the *ad valorem* parts of alternate rates are included.
Based on the HS 2022 nomenclature.

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

3.1.4 Tariff rate quotas

3.13. There are no tariff-rate quotas under the Agreement.

3.2 Rules of origin

3.14. Chapter 3 covers rules of origin and origin procedures.

3.15. A good is deemed to be originating in a Party and eligible for preferential tariff treatment if i) it is wholly obtained or produced entirely in the exporting country,⁷ ii) it is produced entirely in the territory of the exporting Party exclusively from originating materials, or iii) it is produced entirely in the territory of the exporting Party using non-originating materials, provided the good satisfies the applicable requirements in Annex 3-A (Article 3.2) including a change in tariff classification (CTC) at the Chapter, Sub-heading or Heading levels or regional or qualifying value content of at least 40%.⁸

3.16. Article 3.6 provides for cumulation of origin among the Parties.

3.17. Rule 6 of Annex 3 to the Agreement on Trade in Goods under the Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Republic of Korea and the Member Countries of the Association of Southeast Asian Nations, and the Exchange of Notes between the Korea and the ASEAN member countries regarding the Implementation and Monitoring of Rule 6 are incorporated into and made part of Chapter 3 (Article 3.5). Rule 6 provides that certain goods shall be considered to be originating even if the production process or operation has been undertaken in an area outside the territories of Korea and ASEAN member

⁷ Article 3.3 lists what is considered to be wholly obtained or produced entirely in the territory of a Party.

⁸ Article 3.4 defines a build-up and a build-down method for the calculation of regional/qualifying value content when required in Annex 3-A.

countries (i.e. industrial zone) on materials exported from a Party and subsequently re-imported to that Party. A list of 100 goods subject to such treatment is attached to the Exchange of Notes.⁹

3.18. Article 3.7 lists non-qualifying operations such as preserving operations, changes of packages, washing, mixing of products and slaughtering. Provisions on intermediate goods and direct consignment are in Articles 3.8 and 3.9 with Article 3.8 recognizing the absorption principle whereby if originating goods are used in the subsequent production of a good, no account shall be taken of the non-originating materials in the originating good for determining the origin of the subsequently produced good.

3.19. A de-minimis rule for goods that do not satisfy an applicable change in tariff classification requirement set out in Annex 3-A is included in Article 3.10. Goods other than HS Chapters 50-63 are considered as originating if the value of all non-originating materials used in their production that do not undergo the required CTC does not exceed 10% of the free on board (FOB) value of the good. Goods in Chapters 50-63 (textiles and clothing) are considered as originating if the weight of all non-originating materials used in their production that do not undergo the required CTC does not exceed 10% of the total weight of the good.

3.20. Articles 3.11 through 3.14 provide for treatment of packaging and packing material, accessories, spare parts and tools, neutral elements and identical and interchangeable goods or materials.

3.21. Section B cover origin procedures. Verification of proof of origin may be carried out retroactively upon request of the issuing body of the exporting Party following procedures in Article 3.23. In exceptional circumstances the importing Party may request verification visits to the exporting Party. Preferential treatment may be denied if written consent of the visit is not received from the producer or exporter concerned within 30 days of receipt of the intention to visit. The Agreement has no provisions for exporters who are denied preferential treatment to appeal the decision. Under Article 3.25 the Parties will develop an electronic system for origin information exchange to ensure the effective and efficient implementation of the Chapter.¹⁰

3.3 Export duties and charges, and quantitative restrictions

3.22. There are no provisions on export duties.¹¹ Except as otherwise provided in the Agreement, neither Party shall adopt or maintain any prohibition or restriction other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, on the (importation or) exportation of goods, except in accordance with its rights and obligations under the relevant provisions of the WTO Agreement (Article 2.9). Where a Party adopts an export prohibition or restriction in accordance with subparagraph 2(a) of Article XI of GATT 1994, it shall, upon request inform the other Party and provide the other Party with a reasonable opportunity for consultation.

3.4 Regulatory provisions on trade in goods

3.4.1 Standards

3.4.1.1 Sanitary and phytosanitary measures

3.23. The Parties reaffirm their existing rights and obligations with respect to each other under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (Article 2.13). They also encourage technical cooperation and communication in the field of SPS issues subject to the availability of appropriate resources.

⁹ The Parties shall revise or amend the list of goods within one year from the date of entry into force of the Agreement, unless otherwise agreed. The list provided by the Parties includes 100 products in HS Chapters 29 (organic chemicals), 39 (plastics), 40 (rubber), 42 (leather), 58 (special woven fabrics), 63 (other made up textile articles), 70 (glass), 71 (pearls and precious stones), 74 (copper), 82 (tools and cutlery), 84 (nuclear reactors), 85 (electrical machinery), 87 (vehicles), 90 (optical instruments), 91 (clocks and watches), 94 (furniture) and 95 (toys).

¹⁰ The Parties' relevant authorities are developing an Electronic Origin Data Exchange System which is scheduled to be implemented in the first half of 2024.

¹¹ Neither Party imposes export duties.

3.24. The dispute settlement mechanism of the Agreement is not applicable to any SPS matter arising under the Agreement.

3.4.1.2 Technical barriers to trade

3.25. The Parties reaffirm their existing rights and obligations with respect to each other under the WTO Agreement on Technical Barriers to Trade (Article 2.14). They also commit to strengthen cooperation in the fields of standards, technical regulations, and conformity assessment procedures with a view to increasing mutual understanding of their respective systems and facilitating access to their respective markets.

3.4.2 Safeguard mechanisms

3.4.2.1 Global safeguards

3.26. The Parties retain their rights and obligations under Article XIX of the GATT 1994 and the WTO Agreement on Safeguards (Article 5.6). The Agreement does not confer any additional rights or obligations except that a Party may exclude imports of an originating good of the other Party from global safeguard measures.

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

3.28. Neither Party may apply, with respect to the same good, and at the same time, a bilateral and a global safeguard measure.

3.4.2.2 Bilateral safeguards

3.29. A Party may apply a safeguard measure if, as a result of the reduction or elimination of a customs duty under the Agreement, an originating good of the other Party is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that the imports of such originating good of the other Party constitute a substantial cause of serious injury, or threat thereof, to a domestic industry producing a like or directly competitive good (Article 5.2). A safeguard measure may consist of a suspension of the further reduction of customs duties or an increase of customs duties on the good concerned.¹²

3.30. Conditions and limitations to the application of safeguard measures are set out in Article 5.3. A Party must notify the other Party immediately after the initiation of an investigation. Bilateral safeguard measures are not allowed beyond the expiration of the transition period, except with the consent of the other Party.¹³

3.31. Articles 5.4 and 5.5 provide for provisional measures which shall not exceed 180 days and compensation. Suspension of the application of the Agreement for goods that have trade effects substantially equivalent to the safeguard measure are authorized two years after the imposition of the safeguard if no agreement on compensation is reached within 30 days.

3.4.3 Anti-dumping and countervailing measures

3.32. Each Party retains its rights and obligations under the WTO Agreement with regard to the application of anti-dumping and countervailing duties (Article 5.7). The Article also lists practices that the Parties shall follow in anti-dumping or countervailing cases between them, including the application of the lesser duty rule, in order to enhance transparency in the implementation of the WTO Agreement.

¹² The increase of customs duties shall not exceed the lesser of the MFN applied rate (at the time the measure is taken or immediately before the entry into force of the Agreement) or the base rate of the customs duty under the Agreement.

¹³ Transition period means the ten-year period following the date of entry into force of the Agreement or the tariff elimination period set out in the Parties' schedules if it is longer than ten years.

3.33. Articles 5.8 through 5.11 provide for notification and consultations, investigation after termination resulting from a review, cumulative assessment and cooperation in anti-circumvention investigations.

3.4.4 Subsidies and State-aid

3.34. The Agreement does not contain specific provisions on subsidies or other State aid in addition to the corresponding disciplines of the WTO SCM Agreement.

3.4.5 Customs-related procedures and trade facilitation

3.35. Article VII of the GATT 1994 (on customs valuation), as well as the WTO Agreement on Customs Valuation, are incorporated into and made part of the Agreement, *mutatis mutandis* (Article 2.5).

3.36. Article 2.11 on import licensing provides that all automatic and non-automatic import licensing procedures shall be implemented in a transparent and predictable manner, and applied in accordance with the Agreement on Import Licensing Procedures in Annex 1A to the WTO Agreement and the Parties shall not adopt or maintain a measure that is inconsistent with the Import Licensing Agreement.

3.37. Chapter 4 provides for customs procedures and trade facilitation. It requires publication on the internet of laws, regulations and general administrative procedures for imports and exports, the maintenance of enquiry points and the possibility to comment on proposed laws or amendments (Article 4.1). The Parties shall adopt electronic or automated risk management systems, focusing inspections on high-risk imports (Article 4.4). The Parties shall also ensure that importers have access to administrative review or appeal mechanisms including judicial review (Article 4.8) as well as provide for civil or administrative penalties and where appropriate criminal sanctions (Article 4.9).

3.38. Consultations are also foreseen under Article 4.11. Differences that cannot be resolved through consultations may be referred to the Committee on Customs and Trade Facilitation which is established under Article 4.12 to ensure the proper functioning of Chapter 4 and Chapter 3 on rules of origin and origin procedures.

3.4.6 Sector-specific provisions on goods

3.39. There are no sector-specific provisions on goods although the Parties agree to cooperate in a number of sectors including agriculture and industry in Chapter 8.

4 PROVISIONS ON TRADE IN SERVICES

4.1. Chapter 6 contains disciplines on trade in services, while Chapter 7 covers investment. Annexes 6D and 6E sets out the Parties' schedules of specific commitments on services.

4.2. Chapter 7 complements the rules and disciplines on investment (including services investments) as applied to measures affecting the temporary entry of business persons of a Party into the territory of the other Party. In the event of any inconsistency between Chapters 6 and 7, Chapter 6 prevails to the extent of any inconsistency (Article 7.3).

4.1 Scope and definitions

4.3. Chapter 6 applies to measures of a Party affecting trade in services (defined as the supply of a service in any of the 4 modes of supply) by service (Article 6.2). It does not apply to services supplied in the exercise of governmental authority, measures affecting air traffic rights other than aircraft repair and maintenance services, the selling and marketing of air transport services, computer reservation system services, cabotage in maritime transport services, subsidies or grants provided by a Party, government procurement and measures regarding seeking access to the employment market, citizenship, nationality, residence or employment on a permanent basis.

4.4. Annexes 6A, 6B and 6C include specific provisions on financial services, movement of natural persons and professional services.

4.2 Denial of benefits

4.5. Under Article 6.16, a Party may deny the benefits of Chapter 6 to a service supplier of the other Party if a person of a non-party owns or controls the service supplier and the denying Party adopts or maintains measures with respect to the non-party or a person of the non-party that prohibit transactions with the service supplier or that would be violated or circumvented if the benefits of this Chapter were accorded. In the case of the supply of a maritime transport service, a Party may deny benefits if it establishes that the service is supplied by a vessel registered under the laws of a non-party and by a person of a non-party which operates and/or uses the vessel in whole or in part. Finally, a Party may deny benefits to a service supplier of the other Party if the service supplier is a juridical person owned or controlled by persons of a non-party or of the denying Party that has no substantial business activities in the territory of the other Party.

4.3 General provisions on trade in services

4.3.1 Market access

4.6. In relation to trade in services, a Party shall not adopt or maintain, either on the basis of a regional subdivision or of its entire territory, measures that impose the types of limitations covered by Paragraphs 2(a) to 2(f) of Article XVI of the GATS (Article 6.5).

4.7. Chapter 7 on investment does not contain a market access obligation like GATS Article XVI.

4.3.2 National treatment and MFN

4.8. In relation to trade in services, Articles 6.3 contains national treatment clauses applicable to the Parties' service providers in sectors inscribed in their schedules. Article 6.4 provides that the Parties shall accord, in respect of some services sectors and subsectors listed in their schedules, treatment no less favourable than that accorded to like services and service suppliers of a non-party. Table 4.1 lists the services subsectors in which the Parties provide MFN treatment.

Table 4.1 List of services subsectors with MFN treatment

Indonesia		
Legal services (only in foreign law advisory services)	Assembly and erection of prefabricated constructions	Renting services related to equipment for construction or demolition of building or civil engineering works with operator
Postal services	Installation work	International passenger maritime transport
Courier services	Building completion and finishing work	International freight maritime transport
Construction work for buildings, except for one- and two-dwelling buildings	Pre-erection work at construction site except site investigation work and site formation and clearance work	
Construction work for civil engineering	Special trade construction	
Korea		
Engineering services	Rental/Leasing services without operators relating to other machinery and equipment	Tourist Guides Services
Integrated engineering services	Advertising services	Maritime international Transport Services
Urban planning and landscape architectural services	Market research and public opinion polling services	Maritime cargo handling Services
Consultancy services related to the installation of computer hardware	Management consulting services	Maritime agency services
Software implementation services	Project management services	Maintenance and repair of vessels
Data processing services	Services incidental to mining	Rental of vessels with crew

Data base services	Services incidental to manufacturing (only consulting services related to manufacturing technologies of new products)	Pushing and towing services
Research and development services on social sciences and humanities	Maintenance and repair of equipment	Tally, measuring and survey services
Interdisciplinary research and development services	Packaging services	Computer reservation system (CRS) services
Rental/Leasing services without operators relating to ships	Value-added Services (telecommunications)	Maintenance and repair of aircraft
Rental/Leasing services without operators relating to aircraft	Construction services	Pipeline transport (only the transportation of oil products, excluding the transportation of LPG)
Rental/Leasing services without operators relating to other transport equipment	Franchising	

Source: WTO Secretariat based on the Agreement.

4.9. In relation to investment, Articles 7.4 and 7.5 provide for national and MFN treatment for the Parties' investors and their investments when they are related to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

4.3.3 Commercial presence

4.10. Commercial presence is defined in Article 6.1. The Parties' schedules of commitments in Annexes 6-D and 6-E include horizontal commitments, as well as specific market access commitments in mode 3.

4.3.4 Movement of natural persons

4.11. Annex 6-B on measures affecting the movement of natural persons including business visitors, independent professionals, contractual service suppliers and intra-corporate transferees.

4.12. Each Party shall, in accordance with its schedule of commitments in Appendix 6-B-1 through 6-B-4, grant temporary entry or temporary stay to natural persons of the other Party provided they follow prescribed application procedures for the immigration formality sought and meet all relevant eligibility requirements for temporary entry or stay to the granting Party. Table 4.2 summarizes the length of stay for the categories included in Appendix 6-B-1 to 6-B-4.

Table 4.2 Commitments on movement of natural persons (temporary entry of business persons)

Category	Length of stay
Indonesia	
Intra-corporate transferees	2 years (extendable by a maximum of twice for 2 years each time)
Business visitors	60 days extendable to a maximum of 120 days
Independent professionals	1 year or the period of the contract, whichever is less (extendable, subject to domestic laws and regulations)
Korea	
Intra-corporate transferees	3 years (extendable)
Business visitors	90 days
Contractual service suppliers	Duration of the contract which cannot exceed 1 year
Independent professionals	1 year or the period of the contract, whichever is less (extendable)

Source: WTO Secretariat based on the Agreement.

4.13. Information on application requirements and procedures relating to the movement of natural persons must be published and each Party must establish contact points to respond to inquiries regarding regulations governing the movement of natural persons.¹⁴ Dispute settlement

¹⁴ The contact points are for Korea, the Director of the Visa and Residence Division of Korea Immigration Service (Ministry of Justice) and for Indonesia, the Director of Trade in Services Negotiations of the Directorate General of International Trade Negotiations (Ministry of Trade) or their respective successors.

procedures in Chapter 10 of the Agreement do not apply to a refusal to grant temporary entry, unless the matter involves a pattern of practice and the natural persons affected have exhausted all available administrative remedies regarding the particular matter.

4.4 Liberalization commitments

4.14. The Parties' commitments in services are scheduled following a positive list approach. The sectors liberalized by each Party are listed in Annexes 6-D and 6-E containing market access and national treatment limitations and conditions applicable to services and service suppliers of the other Party. Neither Party may adopt new or more discriminatory measures compared to those listed in the respective schedules of commitment (Article 6.7). Article 6.8 provides for the possibility of holding consultations to modify the schedules of commitments of a Party.

4.4.1 Indonesia

4.4.1.1 MFN and horizontal commitments

4.15. Indonesia's GATS MFN exemptions cover measures related to banking services and construction services. Under the Agreement, Indonesia does not include MFN exemptions.

4.16. In its horizontal commitments under the GATS, Indonesia limits foreign ownership and/or representative offices for commercial presence through limited liability enterprises of up to 49%. It also limits the acquisition of land by foreign juridical and natural persons. Moreover, non-resident taxpayers are subject to a withholding tax of 20% and any juridical and natural persons should meet professional qualification requirements. Indonesia's horizontal commitments under the Agreement replicate its GATS commitments and reserves the right to adopt or maintain any measure for the protection of Indonesian essential security interests.

4.4.1.2 Sector specific commitments

4.17. Annex 6-E of the Agreement includes Indonesia's list of commitments for trade in services, commercial presence and movement of people. Table 4.3 provides a comparison of Indonesia'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 the Annex.

4.18. Indonesia's sector-specific commitments under the Agreement expand on its GATS commitments with the removal of some limitations and the inclusion of commitments in new sectors.

Table 4.3 Indonesia: comparison between the GATS and Agreement specific commitments in trade in services

Sectors / Sub-sectors	GATS	FTA				
		Compared to GATS	Cross-border 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	Partial	Improved	Partial	Partial	Partial	Partial
C. Research and Development Services	Partial	Improved	Partial	Partial	Partial	Partial
D. Real Estate Services	---	Same	---	---	---	---
E. Rental/Leasing Services without Operators	---	New	Partial	Partial	Partial	Partial
F. Other Business Services	Partial	Improved	Partial	Partial	Partial	Partial
2. Communication services						
A. Postal services	---	New	Full	Full	Full	Partial
B. Courier services	---	New	Full	Full	Full	Partial
C. Telecommunication services	Partial	Improved	Partial	Full	Full	Partial
D. Audiovisual services	---	New	Partial	Partial	Partial	Partial
E. Other	---	Same	---	---	---	---
3. Construction and related engineering services						
A. General construction work for buildings	Partial	Improved	Partial	Partial	Partial	Partial
B. General construction work for civil Engineering	Partial	Improved	Partial	Full	Full	Partial

Sectors / Sub-sectors	GATS	FTA				
		Compared to GATS	Cross-border trade in services		Investment	
			Sector coverage	Commitments ^a	Sector coverage	Commitments ^a
C. Installation and assembly work	Partial	Improved	Partial	Full	Full	Partial
D. Building completion and finishing work	---	New	Partial	Full	Full	Partial
E. Other	Partial	Improved	Partial	Full	Full	Partial
4. Distribution services						
A. Commission agents' services	---	Same	---	---	---	---
B. Wholesale trade services	---	New	Partial	Partial	Partial	Partial
C. Retailing services	---	New	Partial	Partial	Partial	Partial
D. Franchising	---	New	Partial	Partial	Partial	Partial
E. Other	---	New	Partial	Partial	Partial	Partial
5. Education services						
A. Primary education services	---	Same	---	---	---	---
B. Secondary education services	---	New	Partial	Full	Partial	Partial
C. Higher education services	---	New	Partial	Full	Partial	Partial
D. Adult education	---	New	Partial	Full	Partial	Partial
E. Other education services	---	New	Partial	Full	Partial	Partial
6. Environmental services						
A. Sewage services	---	New	Full	Partial	Full	Partial
B. Refuse disposal services	---	New	Partial	Partial	Partial	Partial
C. Sanitation and similar services	---	New	Partial	Full	Partial	Partial
D. Other	---	New	Partial	Partial	Partial	Partial
7. Financial services						
A. All insurance and insurance-related services	Partial	Same	Partial	Partial	Partial	Partial
B. Banking and other financial services	Partial	Improved	Partial	Full	Partial	Partial
8. Health related and social services						
A. Hospital services	---	New	Partial	Full	Partial	Partial
B. Other Human Health Services	---	New	Partial	Partial	Partial	Partial
C. Social Services	---	New	Partial	Full	Full	Partial
D. Other	---	Same	---	---	---	---
9. Tourism and travel related services						
A. Hotels and restaurants (including catering)	Partial	Improved	Partial	Full	Partial	Partial
B. Travel agencies and tour operators services	Partial	Improved	Partial	Full	Partial	Partial
C. Tourist guides services	---	New	Partial	Full	---	---
D. Other	---	New	Partial	Full	Partial	Partial
10. Recreational and cultural and sporting services						
A. Entertainment services	---	New	Partial	Partial	Partial	Partial
B. News agency services	---	Same	---	---	---	---
C. Libraries, archives, museums and other cultural services	---	New	Partial	Full	Partial	Partial
D. Sporting and other recreational services	---	New	Partial	Full	Partial	Partial
E. Other	---	New	Partial	Partial	Partial	Partial
11. Transport services						
A. Maritime Transport Services	Partial	Improved	Partial	Partial	Partial	Partial
B. Internal Waterways Transport	---	New	Partial	Partial	Partial	Partial
C. Air Transport Services	---	New	Partial	Full	Partial	Partial
D. Space Transport	---	Same	---	---	---	---
E. Rail Transport Services	---	Same	---	---	---	---
F. Road Transport Services	---	New	Partial	Partial	Partial	Partial
G. Pipeline Transport	---	Same	---	---	---	---
H. Services auxiliary to all modes of transport	---	Same	---	---	---	---
I. Other Transport Services	---	Same	---	---	---	---
12. Other services not included elsewhere	---	New	Partial	Partial	Partial	Partial

General Note: MFN and Horizontal limitations, as well as mode 4 commitments/limitations are not considered in the Table.

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

Full: Commitments not subject to market access or national treatment limitation(s) for any of the three modes.

Partial: Commitments subject to some market access or national treatment limitations for any of the three modes.

---: No commitments under the GATS or the Agreement.

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

Same: Commitment identical to those under the GATS.

Source: Draft Consolidated GATS Schedule of Specific Commitments (S/DCS/W/IDN) and Indonesia's Schedules annexed to the Agreement.

4.4.1.2.1 Business services

4.19. Indonesia made new commitments for legal services in foreign law advisory services. It improved coverage and commitments for computer and related services by adding new sectors such as advanced data base services and by removing limitations on market access and national treatment for some services already covered under the GATS. Commitments in research and development and other services are improved with the elimination of limitations for modes 1 and 2 which, under the GATS, are unbound for Government funded projects, and with the inclusion of research and experimental development services on linguistic and foreign languages. Indonesia also made commitments on the rental of vessels without crew and rental services concerning video tapes and a number of other business services.

4.4.1.2.2 Communication services

4.20. Indonesia liberalized modes 1 and 2 for postal and courier services while limitations, such as joint venture and location requirements, remain for mode 3. For telecommunication services, commitments under the Agreement are improved by removing all limitations for mode 1 and 2 while keeping joint ventures requirements for mode 3. Indonesia also liberalized some audiovisual subsectors with some limitations.

4.4.1.2.3 Construction services

4.21. For construction and related engineering services, the Agreement provides wider coverage and improved conditions compared to Indonesia's GATS commitments. The capital share of a limited liability enterprise that may be owned by foreign partners has been raised to 67% compared to 49% in its GATS schedule.

4.4.1.2.4 Distribution services

4.22. Indonesia made new commitments in wholesale trade services of food, beverages and tobacco, and textile, clothing and footwear (with minimum space above 5,000 square metres), retail trade services of bread and flour confectionery, and textiles, clothing and footwear (with minimum space of 2,000 square metres) and franchising of wholesale trade services of food, beverages and tobacco. Mode 2 for direct selling has no limitations. Covered sectors are subject to a maximum foreign equity threshold of 67%. Moreover, wholesale trade services are subject to other limitations such as licensing requirements and an obligation to cooperate with at least 100 Indonesian SMEs yearly as a supplier and retailer.

4.4.1.2.5 Education services

4.23. Education services are partially liberalized with the exception of primary education. General conditions limit liberalization, such as mutual recognition of credits, partnership with local partners, and geographical limitations.

4.4.1.2.6 Environmental services

4.24. The Agreement provides for partial liberalization of sewage services (for wastewater management only), some solid waste disposal services, public sanitation facilities and other environmental services subsectors. These remain however subject to certain limitations, in particular on joint ventures and foreign equity. There are no GATS commitments in the sector.

4.4.1.2.7 Financial services

4.25. Indonesia essentially replicates its GATS commitments in non-banking financial sectors. The coverage of banking services is identical to that under the GATS. Improvements consist of an increase in the threshold for the acquisition of local banks through the purchase of shares of locally incorporated banks listed on the stock exchange from 49% (under the GATS) to 51% and an increase in allowed sub-branches and auxiliary offices for foreign bank branch offices from one to two.

4.4.1.2.8 Health services

4.26. Indonesia made commitments in specialist and sub-specialist medical services with some limitations for mode 3 including a maximum share of capital share owned by foreigners and nationality requirements for the chair of the board of directors. Indonesia also made commitments in acupuncture services and some social services. It has no GATS commitments in the sector.

4.4.1.2.9 Tourism and travel related services

4.27. Under the GATS, Indonesia has commitments in hotels and tourist resorts with at least three stars allowing up to 100% of foreign capital only in some regions and subject to higher paid-up capital requirements. The coverage of hotels and restaurants under the Agreement is wider with new commitments in subsectors such as motel lodging services, meal and beverage serving services with no limitations for modes 1 and 2 and joint venture and geographical requirements for mode 3. Regarding travel agents and tour operators, Indonesia removed a geographical limitation in mode 3. Finally, Indonesia made new commitments in tour leader services, tourist resorts, international hotel operators and tourism consultancy services.

4.4.1.2.10 Recreational and cultural and sporting services

4.28. Under the Agreement, Indonesia liberalized theatre and opera houses and museums of jewellery with some limitations such as joint venture requirements with no more than 51% of the capital share owned by foreigners and licence requirements. Golf courses and other facilities (only within the tourist resorts) are also scheduled with limitations in mode 3 such as economic needs test requirements and limitations on the share of capital owned by foreigners. In other sectors, Indonesia made commitments in online gaming, marina facilities and hotel management.

4.4.1.2.11 Transport services

4.29. Under the Agreement, Indonesia improved its GATS commitments in maritime transport services by allowing joint ventures to operate at least one Indonesian-flagged vessel with Indonesian crew. It also scheduled commitments in a number of other subsectors such as maintenance and repair of vessels, pushing and towing, vessel salvage, maritime cargo handling and freight forwarding services. In internal waterways transport, Indonesia liberalized passenger transportation (excluding cabotage) with joint venture requirements and maintenance and repair of vessels only in the eastern part of Indonesia. Indonesia also liberalized, with a joint venture requirement, aircraft repair and maintenance services, computer reservation systems and selling and marketing which are not covered under the GATS. New commitments with some limitations in mode 3 were made for maintenance and repair of road transport equipment, support services for road transport terminal, support services for highway, bridge and tunnel and operation services limited to highways.

4.4.1.2.12 Other services

4.30. Indonesia makes new commitments in some energy services with limitations such as on foreign equity participation and licensing requirements. It also fully liberalized SPA services.

4.4.2 Korea

4.4.2.1 MFN and horizontal commitments

4.31. In its horizontal GATS commitments, Korea maintains market access and national treatment limitations on commercial presence: i) the acquisition of outstanding stocks and bonds in 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. Under the Agreement, Korea removed the limitations on the acquisition of outstanding bonds and on the minimum amount of FDI.

4.32. Under the GATS, Korea scheduled an MFN reservation for computerized reservation system. Under the Agreement, Korea does not include MFN exemptions.

4.4.2.2 Sector specific commitments

4.33. Annex 6-D of the Agreement includes Korea's list of commitments for trade in services, commercial presence and the movement of people. Table 4.4 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 the Annex.

4.34. Korea's sector-specific commitments under the Agreement expand on its GATS commitments with the removal of some limitations and the inclusion of commitments in new sectors.

Table 4.4 Korea: Comparison between the GATS and Agreement specific commitments

Sectors / Sub-sectors	GATS	FTA				
		Compared to GATS	Cross border 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	---	Same	---	---	---	---
B. Courier services	---	New	Partial	Partial	Partial	Partial
C. Telecommunication services	Partial	Improved	Partial	Partial	Partial	Partial
D. Audiovisual services	Partial	Same	Partial	Full	Partial	Full
E. Other	---	Same	---	---	---	---
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	---	Same	---	---	---	---
5. Education services						
A. Primary education services	---	Same	---	---	---	---
B. Secondary education services	---	Same	---	---	---	---
C. Higher education services	---	New	Partial	Partial	Partial	Partial
D. Adult education	---	New	Partial	Partial	Partial	Partial
E. Other education services	---	Same	---	---	---	---
6. Environmental services						
A. Sewage services	Partial	Improved	Partial	Full	Partial	Full
B. Refuse disposal services	Partial	Improved	Partial	Full	Partial	Full
C. Sanitation and similar services	---	Same	---	---	---	---
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
8. Health related and social services						
A. Hospital services	---	Same	---	---	---	---
B. Other Human Health Services	---	Same	---	---	---	---
C. Social Services	---	Same	---	---	---	---
D. Other	---	Same	---	---	---	---

Sectors / Sub-sectors	GATS	FTA				
		Compared to GATS	Cross border trade in services		Investment	
			Sector coverage	Commitments ^a	Sector coverage	Commitments ^a
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	---	Same	---	---	---	---
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	---	Same	---	---	---	---
D. Sporting and other recreational services	---	Same	---	---	---	---
E. Other	---	New	Partial	Partial	Partial	Full
11. Transport services						
A. Maritime Transport Services	Partial	Improved	Partial	Partial	Partial	Partial
B. Internal Waterways Transport	---	Same	---	---	---	---
C. Air Transport Services	Partial	Improved	Partial	Partial	Partial	Partial
D. Space Transport	---	Same	---	---	---	---
E. Rail Transport Services	---	New	Partial	Partial	Partial	Partial
F. Road Transport Services	Partial	Same	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).

4.4.2.2.1 Business services

4.35. Improvements of commitments in professional services include the addition, with some limitations, of legal services, veterinary services, security services, building-cleaning services, some publishing services and specialty design services. Cross-border trade and consumption abroad of research and development services in the natural sciences, social sciences and humanities and interdisciplinary research and development services are liberalized compared to the GATS. New commitments in real estate brokerage and appraisal services are included with some limitations in modes 1 and 2. Rental/leasing services without operators 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 the GATS for which there are no commitments.

4.4.2.2.2 Communication services

4.36. 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. In telecommunication services, Korea increased the maximum share of voting rights that a foreign person can hold from 33% to 49% in order to be allowed a licence for facilities-based public telecommunications services. Limitations on resale-based telecommunications services are also removed.

4.4.2.2.3 Construction and related engineering services

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

4.4.2.2.4 Distribution services

4.38. Improvements in distribution services include the removal of all limitations on market access for mode 2 of commission agents services, and the removal of needs test requirements for some wholesale services such as large markets and wholesale trade centres. In retail services (excluding retail trade and gas station business related to LPG under CPC 613* and rice, ginseng and red ginseng), the establishment of department stores and shopping centres is allowed under the Agreement. Franchising is limited to the items allowed under wholesale trade and retailing services.

4.4.2.2.5 Education services

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

4.4.2.2.6 Environmental services

4.40. In environmental services, Korea eliminated commercial presence requirements for collection and treatment services for non-industrial wastewater and industrial refuse disposal services. It also liberalized other environmental services not included in its GATS schedules such as soil remediation and groundwater purification and environment consulting services.

4.4.2.2.7 Financial services

4.41. Financial services are subject to a number of provisions listed in the headnotes of the specific commitments including, *inter alia*, the limitation that a financial institution must be established for only one business defined in the related law and cannot engage in other business activities regulated by other relevant laws, mode 1 and 2 supply of financial services may not be settled in Korean currency, assets owned by branches must be kept within the territory of Korea, regulated demand deposit interest rates and financial institutions cannot own non-business real estate. The coverage of insurance services is the same as under the GATS with residency requirements for top executive personnel. The coverage and limitations for banking services are similar to those under the GATS with improvements such as a higher threshold of the allowed ownership of stocks of a bank.

4.4.2.2.8 Tourism and travel related services

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

4.4.2.2.9 Recreational and cultural and sporting services

4.43. In entertainment services, Korea liberalized, with some limitations, services provided by individual artists or groups and news agency services. Gaming services are liberalized except for mode 1 which remains unbound.

4.4.2.2.10 Transport services

4.44. 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 have been removed under the Agreement. Additional commitments were made for the rental of vessels with crew, pushing and towing, tally, measuring and survey services, maintenance and repair of aircraft and rail, and some services auxiliary to rail transport services, which are not included in the GATS. Passenger and freight rail transportation are also partially liberalized under the Agreement. Coverage for other transport services 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.

4.4.2.2.11 Other services not included elsewhere

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

4.5 Regulatory provisions

4.5.1 Domestic regulation

4.46. Article 6.10 builds upon Article VI of the GATS. It specifies that if a Party requires authorization for the supply of a service in which specific commitments have been made, its competent authorities shall, *inter alia*, ensure that fees are reasonable and transparent, inform the applicant of the decision concerning the application, to the extent practicable establish an indicative timeframe for processing an application and not require physical presence in the territory of a Party for the submission of an application for a license or qualification, and endeavour to accept applications in electronic format. Moreover, if the results of the negotiations related to Article VI (4) of the GATS enter into effect, the Parties shall jointly review the results and amend Article 6.10 as appropriate.

4.5.2 Recognition

4.47. Article 6.11 of the Agreement mirrors Article VII of the GATS.

4.5.3 Subsidies

4.48. There are no provisions on subsidies in the Agreement.

4.5.4 Safeguards

4.49. The Parties shall review the incorporation of safeguard measures pending any further developments in the multilateral fora pursuant to Article X of the GATS (Article 6.14). Moreover, if a Party encounters difficulties in the implementation of commitments in Chapter 6, it may request consultations to address such difficulties.

4.5.5 Other investment provisions

4.50. Investment is addressed in Chapter 7. It applies to measures by a Party relating to investors of the other Party and covered investment (Article 7.2). The Chapter does not apply to measures relating to government procurement, subsidies and grants, taxation measures, services supplied in the exercise of governmental authority or measures adopted or maintained by a Party to the extent that they are covered by Chapter 6 on trade in services. However, Articles 7.6 (treatment of investment), 7.7 (compensation of losses), 7.11 (transfers), 7.12 (expropriation and compensation) and 7.13 (subrogation) apply to any measure affecting the supply of service by a service supplier of a Party through commercial presence in the territory of the other Party pursuant to the provisions of Chapter 6, only to the extent that they constitute a covered investment. Article 7.15 includes a denial of benefit provision.

4.51. Article 7.4 requires that national treatment be accorded to investors of the other Party and to their covered investments while Article 7.5 requires that MFN treatment be accorded to investors of the other Party.

4.52. Article 7.10 provides that Articles 7.4 (national treatment), 7.5 (MFN treatment), 7.8 (performance requirements) and 7.9 (senior management and boards of directors) do not apply to i) any existing non-conforming measure that is maintained by a Party at central and regional levels of government as set out in the Parties' schedule to Annex I and to measures maintained at a local level of government, ii) the continuation or prompt renewal of scheduled non-conforming measures, iii) amendments to scheduled non-conforming measures to the extent that the amendment does not decrease the conformity of the measure, as it existed at the date of entry

into force of the Party's Schedule to Annex I and iv) any measures that a Party adopts or maintains with respect to sectors, sub-sectors or activities, as set out in its Schedule to Annex II. Indonesia scheduled 18 reservations in Annex I and 15 in Annex II while Korea scheduled 4 reservations in Annex I and 17 in Annex II.¹⁵

4.53. Chapter 7 also contains disciplines on minimum standards of treatment, which foresees that covered investments shall be accorded fair and equitable treatment as well as full protection and security (Article 7.6). Compensation shall be paid for investment losses suffered by investments owing to war or other armed conflict, state of national emergency, riot or other civil strife (Article 7.7).

4.54. Article 7.19 establishes an investor-State dispute settlement mechanism which is summarized below (see Dispute Settlement).

4.55. In the event of any inconsistency between Chapter 7 (investment) and another Chapter, the other Chapter shall prevail to the extent of the inconsistency (Article 7.3).

4.6 Sector specific provisions on trade in services

4.6.1 Financial Services

4.56. Annex 6-A applies to measures concerning the supply of financial services. It includes a prudential carve-out, a provision on the recognition (achievable through harmonization or otherwise) of prudential measures of the other Party in determining how the Party's measures relating to financial services shall be applied and the requirement, for dispute settlement panel members, of expertise relevant to the specific financial service under dispute. It also establishes contact points.¹⁶

4.6.2 Professional services

4.57. Annex 6-C covers professional services. It foresees consultations among the Parties to identify professional services for which they are mutually interested in establishing dialogue on issues on the recognition of professional qualifications, licensing, or registration. The Parties shall encourage their relevant bodies to negotiate any form of arrangements for mutual recognition of professional qualifications, licensing or registration in professional services sectors of mutual interest and take into account other relevant multilateral agreements.

5 GENERAL PROVISIONS OF THE AGREEMENT

5.1 Transparency

5.1. Transparency provisions are included in Chapter 9 which provides for i) publication of domestic laws, regulations, procedures and administrative rulings of general application relating to any matter covered by the Agreement, ii) provision of information pertaining to any actual or proposed measure, iii) administrative proceedings and iv) review and appeal.

5.2 Current payments and capital movements

5.2. Articles 6.15 and 7.11 provide that the Parties shall permit all transfers and payments relating to trade in services and covered investment in a freely usable currency at the market rate

¹⁵ The lists in Annexes I and II of Indonesia include, *inter alia*, restrictions on acquisition or lease of land, registration requirements for the establishment of foreign investment and the form of foreign investment ("*Perseroan Terbatas*"), a reservation for public enterprises and other reservations specific to fishery, mining and quarrying, manufacturing, forestry and energy. The lists in Annexes I and II of Korea include, *inter alia*, a reservation to adopt measures to maintain public order, measures with respect to the defence industry, measures that accord rights or preferences to socially or economically disadvantaged groups, restrictions to acquisition of land, a cultural heritage reservation and other reservations specific to fishing, agriculture and livestock, energy, manufacturing of biological products and of liquor.

¹⁶ The contact points are, for Indonesia, the Ministry of Trade, the Ministry of Finance, the Indonesia Financial Services Authority (OJK) and Bank Indonesia and, for Korea, the Financial Services Commission and the Ministry of Trade, Industry and Energy.

of exchange prevailing at the time of transfer and without delay, into and out of their territories. At the same time, a Party may prevent or delay a transfer or payment through the equitable, non-discriminatory, and good faith application of its laws and regulations relating to, *inter alia*, bankruptcy, trading in securities, futures, options or derivatives, taxation or severance entitlement of employees.

5.3 Exceptions

5.3. Regarding general exceptions, Article XX of GATT 1994 and Article XIV of GATS, including their interpretive notes, are incorporated into and made part of the Agreement, *mutatis mutandis* (Article 11.1).

5.4. Article 11.2 provides for security exceptions and replicates the provisions in Article XXI of GATT 1994 and in Article XIVbis of GATS for measures related to security.

5.5. Nothing in the Agreement applies to taxation measures, except as provided in Article 11.3 where any tax convention shall prevail if there is any inconsistency with the Agreement.

5.4 Accession and withdrawal

5.6. There are no provisions on accession to the Agreement.

5.7. Either Party may notify the other Party of its intention to terminate the Agreement in writing through diplomatic channels, with termination taking effect six months following receipt of the notification (Article 13.6).

5.5 Institutional framework

5.8. Article 12.1 establishes a Joint Committee tasked with the functions listed in Article 12.2. The first Joint Committee was held on 12 December in 2023 in Indonesia.

5.9. Article 12.4 establishes a Committee on Trade in Goods, a Committee on Trade in Services and Investment, a Committee on Economic Cooperation and a Committee on Customs and Trade Facilitation. The functions of the Committee on Trade in Goods are included in Article 2.15.

5.10. The Joint Committee may establish additional subsidiary bodies, including *ad hoc* bodies, as it determines necessary to address issues arising under the Agreement and to assist with its implementation.¹⁷

5.11. In order to facilitate communications between the Parties on any trade matter covered by the Agreement, the Parties established the following contact points: for Korea, the Ministry of Trade, Industry and Energy, for Indonesia, the Ministry of Trade.

5.6 Dispute settlement

5.12. Chapter 10 governs dispute settlement for matters covered under the Agreement. Article 10.4 provides that the complaining Party may select the dispute settlement forum, but once a dispute has been initiated, the forum selected shall be used to the exclusion of other fora.

5.13. Each Party may request, in writing, consultations to resolve differences (Article 10.5). Article 10.6 provides for good offices, conciliation or mediation.

5.14. Under Articles 10.7-10.11, the Agreement establishes disciplines and procedural steps applicable to the establishment of arbitration panels, terms of reference, composition of the panel, panel proceedings, and suspension or termination of proceedings. The interim report shall be issued within 90 days unless the period is extended by agreement with the Parties to up to 120 days from following the date of establishment of the panel (Article 10.12). The final report is to be issued 30 days following the issuance of the interim report with the panel taking into consideration any comments received from the Parties on the interim report. If the Parties fail to agree on a

¹⁷ No additional subsidiary body have been established as of 20 February 2024.

reasonable period of time to implement the findings of the report within 45 days, either Party may refer the matter to the original panel (Article 10.14). Compensation or suspension of the application of the Agreement is authorized by Article 10.15 and shall be equivalent to the level of the nullification or impairment and should ideally be in the same sector or sectors affected but can cover other sectors if the Party considers it impractical or not effective to suspend application in the same sectors.

5.6.1 Investor-State Dispute Settlement (Investment)

5.15. Article 7.19 provides for an investor-State dispute settlement mechanism (ISDS). No claim may be brought under the Article for an alleged breach of Article 7.5 (MFN treatment) on the basis that another international agreement contains more favourable rights or obligations, in relation to: a measure that is designed and implemented to protect or promote public health, an investment that has been established through illegal conduct, and investment disputes which have occurred prior to the entry into force of the Agreement, or if the claim is frivolous or manifestly without merit, or by a natural person possessing the nationality or citizenship of a disputing Party.

5.16. The disputing parties shall, as far as possible, resolve the dispute through consultation and negotiation. The Article also provides for mediation. If the dispute is not resolved by consultation, negotiation or mediation, it may be submitted to the courts or administrative tribunals of the disputing Party, provided they have jurisdiction over such claims, or to arbitration (including ICSID or UNCITRAL). Once the investor has submitted the dispute to either the courts or administrative tribunals of the disputing Party or an arbitration mechanism, the choice of forum is final.

5.17. An award made by a tribunal is final and binding upon the disputing parties. If a tribunal makes a final award against either of the disputing parties, it may award, separately or in combination only monetary damages and any applicable interest and restitution of property, in which case the award shall provide that the disputing Party may pay monetary damages and any applicable interest in lieu of restitution.

5.7 Relationship with other agreements concluded by the Parties

5.18. The Parties reaffirm their rights and obligations under the WTO Agreement and any other international agreement to which they are party (Article 1.4). In the event of any inconsistency between the Agreement and any other agreement to which both Parties are party, they shall, upon request, consult with each other with a view to finding a mutually satisfactory solution.

5.19. Table 5.1 below shows the Parties' participation in RTAs, notified and non-notified, other than the Agreement.

Table 5.1 Participation in other RTAs (notified and non-notified in force), as of 26 February 2024

RTA Name	Entry into force ^a	Coverage ^b	GATT/WTO Notification	
			Year	WTO Provision
INDONESIA				
Mozambique - Indonesia	06-Jun-22	G	2023	GATT Art. XXIV
EFTA - Indonesia	01-Nov-21	G & S	2022	GATT Art. XXIV & GATS Art. V
Indonesia - Australia	05-Jul-20	G & S	2021	GATT Art. XXIV & GATS Art. V
Chile - Indonesia	10-Aug-19	G	2020	GATT Art. XXIV
ASEAN - Hong Kong, China	11-Jun-19	G & S	2021	GATT Art. XXIV & GATS Art. V
Indonesia - Pakistan	01-Sep-13	G	2019	Enabling Clause
ASEAN Free Trade Area (AFTA)				
- ATIGA	17-May-10	G	2021	GATT Art. XXIV
- AFAS	12-Aug-98	S	2022	GATS Art. V
- ATISA	05-Apr-21	S		Not notified
ASEAN - Republic of Korea	01-Jan-10	G	2010	GATT Art. XXIV, Enabling Clause
	01-May-09	S		GATS Art. V
ASEAN - Australia - New Zealand	01-Jan-10	G & S	2010	GATT Art. XXIV & GATS Art. V
ASEAN - India	01-Jan-10	G	2010	Enabling Clause
	01-Jul-15	S	2015	GATS Art. V

RTA Name	Entry into force ^a	Coverage ^b	GATT/WTO Notification	
			Year	WTO Provision
ASEAN - Japan	01-Dec-08	G	2009	GATT Art. XXIV
	01-Aug-20	S	2022	GATS Art. V
Japan - Indonesia	01-Jul-08	G & S	2008	GATT Art. XXIV & GATS Art. V
ASEAN - China	01-Jan-05	G	2005	Enabling Clause
	01-Jul-07	S	2008	GATS Art. V
Global System of Trade Preferences among Developing Countries (GSTP)	19-Apr-89	G	1989	Enabling Clause
United Arab Emirates - Indonesia	01-Sep-23	G & S	Not notified	
Regional Comprehensive Economic Partnership (RCEP) Agreement	01-Jan-22	G & S	Not notified	
Developing-8 PTA	01-Sep-17	G	Not notified	
REPUBLIC OF KOREA				
Republic of Korea - Cambodia	01-Dec-22	G	2023	GATT Art. XXIV
United Kingdom - Republic of Korea	01-Jan-21	G & S	2020	GATT Art. XXIV & GATS Art. V
Republic of Korea - Central America	01-Oct-19	G & S	2021	GATT Art. XXIV & GATS Art. V
Republic of Korea - Colombia	15-Jul-16	G & S	2016	GATT Art. XXIV & GATS Art. V
Republic of Korea - New Zealand	20-Dec-15	G & S	2015	GATT Art. XXIV & GATS Art. V
China - Republic of Korea	20-Dec-15	G & S	2016	GATT Art. XXIV & GATS Art. V
Republic of Korea - Viet Nam	20-Dec-15	G & S	2016	GATT Art. XXIV & GATS Art. V
Canada - Republic of Korea	01-Jan-15	G & S	2015	GATT Art. XXIV & GATS Art. V
Republic of Korea - Australia	12-Dec-14	G & S	2014	GATT Art. XXIV & GATS Art. V
Republic of Korea - Türkiye	01-May-13	G	2013	GATT Art. XXIV
	01-Aug-18	S	2022	GATS Art. V
Republic of Korea - United States	15-Mar-12	G & S	2012	GATT Art. XXIV & GATS Art. V
Peru - Republic of Korea	01-Aug-11	G & S	2011	GATT Art. XXIV & GATS Art. V
EU - Republic of Korea	01-Jul-11	G & S	2011	GATT Art. XXIV & GATS Art. V
ASEAN - Republic of Korea	01-Jan-10	G	2010	GATT Art. XXIV, Enabling Clause
	01-May-09	S		GATS Art. V
Republic of Korea - India	01-Jan-10	G & S	2010	GATT Art. XXIV, Enabling Clause & GATS Art. V
EFTA - Republic of Korea	01-Sep-06	G & S	2006	GATT Art. XXIV & GATS Art. V
Republic of Korea - Singapore	02-Mar-06	G & S	2006	GATT Art. XXIV & GATS Art. V
Republic of Korea - Chile	01-Apr-04	G & S	2004	GATT Art. XXIV & GATS Art. V
Global System of Trade Preferences among Developing Countries (GSTP)	19-Apr-89	G	1989	Enabling Clause
Asia Pacific Trade Agreement (APTA)	17-Jun-76	G	1976	Enabling Clause
	17-Sep-13	S	2019	GATS Art. V
- APTA - Accession of China	01-Jan-02	G	2004	Enabling Clause
- APTA - Accession of Mongolia	01-Jan-21	G & S	Not notified	
Protocol on Trade Negotiations (PTN)	11-Feb-73	G	1971	Enabling Clause
Republic of Korea - Israel	01-Dec-22	G & S	Not notified	
Regional Comprehensive Economic Partnership (RCEP) Agreement	01-Jan-22	G & S	Not notified	

a Dates of the first entry into force/provisional application for at least one of the Parties.

b G stands for trade in goods and S for trade in services.

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

5.20. There are no provisions in the Agreement concerning government procurement.

5.9 Intellectual property rights

5.21. There are no specific provisions on intellectual property rights except that Chapter 7 (investment) shall be construed so as to derogate from rights and obligations under international

agreements in respect of protection of intellectual property rights to which the Parties are party, including the TRIPS Agreement and other treaties concluded under the auspices of the World Intellectual Property Organization.

5.22. Article 8.2 includes intellectual property as a sector for cooperation.

5.10 Competition

5.23. There are no provisions in the Agreement concerning competition.

5.11 Environment

5.24. Article 7.16 recognizes that environmental laws should not be relaxed for investment purposes.

5.12 Labour

5.25. There are no provisions in the Agreement concerning labour.

5.13 Electronic commerce

5.26. There are no provisions in the Agreement concerning electronic commerce.

5.14 Small and medium-sized enterprises

5.27. Article 8.2 lists a number of areas of cooperation including supporting policy for small and medium-sized enterprises.

5.15 Gender

5.28. There are no provisions in the Agreement concerning gender.

5.16 Economic cooperation

5.29. Chapter 8 provides a list of areas in which the Parties could cooperate including individual sectors, but also on issues such as SPS, TBT, customs procedures, rules of origin, intellectual property rights, SMEs, and fair competition. A Committee on Economic Cooperation is to ensure the effective implementation and operation of the Chapter which is not subject to dispute settlement under the Agreement.

ANNEX 1

1. A comparison between the scheduled elimination of tariffs applied to the Parties' mutual imports and the duties applied by them on MFN imports in 2023 is shown in Table A1.1 and **Error! Reference source not found.**, by HS Chapters 1-24 (agricultural products), 25-97 (industrial products) and total products.

2. Indonesia's overall average applied MFN tariff rate in 2023 was 10.2%. The average MFN applied tariff on agricultural goods was 10.1% and the average MFN applied tariff on industrial goods was 10.3%. With the entry into force of the Agreement, the overall average tariff for imports from Korea fell to 2.9%, while the average tariff for agricultural and industrial products was respectively 5% and 2.5%. As a result, exporters from Korea had a relative margin of preference of 72% overall, and 51% and 76% respectively for agricultural and industrial products. The share of MFN duty-free tariff lines was 11.8% overall, 6.7% for agricultural products and 12.8% for industrial products. Under the Agreement, the share of duty-free tariff lines overall in 2023 was 85.9% (78.2% for agricultural products and 87.4% for industrial products). By the end of implementation in 2042, Korean exporters will face zero duties on 91.5% of Indonesia's tariff lines (85.8% for agricultural products and 92.6% for industrial products).

Table A1.1 Indonesia: Indicators of MFN and preferential rates for imports from Korea

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	2023	10.2	11.6	11.8	10.1	10.8	6.7	10.3	11.8	12.8
Korea	2023	2.9	20.6	85.9	5.0	24.3	78.2	2.5	19.5	87.4
	2024	2.8	20.3	85.9	5.0	24.1	78.2	2.4	19.1	87.4
	2025	2.8	20.4	86.2	5.0	24.0	78.3	2.4	19.2	87.7
	2026	2.7	20.1	86.2	4.9	23.8	78.3	2.3	18.9	87.7
	2027	2.7	20.8	86.8	4.9	23.7	78.4	2.3	19.8	88.4
	2028	2.7	20.5	86.8	4.8	23.5	78.4	2.3	19.5	88.4
	2029	2.6	21.6	87.6	4.8	24.4	79.2	2.2	20.7	89.2
	2030	2.6	21.4	87.6	4.8	24.3	79.2	2.2	20.5	89.2
	2031	2.6	21.3	87.6	4.8	24.1	79.2	2.2	20.3	89.2
	2032	2.6	27.2	90.3	4.7	29.2	82.7	2.2	26.5	91.8
	2033	2.6	27.2	90.3	4.7	29.2	82.7	2.2	26.4	91.8
	2034	2.6	27.1	90.3	4.7	29.1	82.7	2.2	26.4	91.8
	2035	2.6	27.0	90.3	4.7	29.1	82.7	2.2	26.3	91.8
	2036	2.6	27.0	90.3	4.7	29.0	82.7	2.2	26.2	91.8
	2037	2.5	30.1	91.3	4.7	32.4	84.4	2.1	29.2	92.6
	2038	2.5	30.1	91.3	4.7	32.4	84.4	2.1	29.2	92.6
	2039	2.5	30.1	91.3	4.7	32.3	84.4	2.1	29.2	92.6
	2040	2.5	30.0	91.3	4.7	32.3	84.4	2.1	29.2	92.6
	2041	2.5	30.0	91.3	4.7	32.3	84.4	2.1	29.2	92.6
	2042	2.5	30.8	91.5	4.7	35.5	85.8	2.1	29.2	92.6

Note: Based on the HS 2022 nomenclature.

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

3. Korea's overall average applied MFN tariff rate in 2023 was 14.5%. The average MFN applied tariff on agricultural goods was 51.9% and the average MFN applied tariff on industrial goods was 6%. With the entry into force of the Agreement, the overall average tariff for imports from Indonesia fell to 7.5%, while the average tariff for agricultural and industrial products was respectively 37.8% and 0.6%. As a result, exporters from Korea had a relative margin of preference of 48% overall, and 27% and 90% respectively for agricultural and industrial products. The share of MFN duty-free tariff lines was 19.8% overall, 2.5% for agricultural products and 23.8% for industrial products. Under the Agreement, the share of duty-free tariff lines overall in

2023 was 91.4% (65.1% for agricultural products and 97.3% for industrial products). By the end of implementation in 2042, Indonesian exporters will face zero duties on 95% of Korea's tariff lines (77.3% for agricultural products and 99.1% for industrial products).

Table A1.2 Korea: Indicators of MFN and preferential rates for imports from Indonesia

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	2023	14.5	18.1	19.8	51.9	53.3	2.5	6.0	7.9	23.8
Indonesia	2023	7.5	86.6	91.4	37.8	108.5	65.1	0.6	21.5	97.3
	2024	7.4	86.1	91.4	37.7	108.0	65.1	0.6	20.8	97.3
	2025	7.4	94.6	92.2	37.5	109.0	65.6	0.5	30.5	98.2
	2026	7.4	94.2	92.2	37.3	108.5	65.6	0.5	30.2	98.2
	2027	7.3	99.5	92.6	37.2	115.8	67.9	0.5	30.5	98.3
	2028	7.3	99.1	92.6	37.0	115.4	67.9	0.5	30.3	98.3
	2029	7.3	99.9	92.7	36.9	116.3	68.3	0.5	30.4	98.3
	2030	7.2	99.5	92.7	36.8	115.9	68.3	0.5	30.2	98.3
	2031	7.2	99.1	92.7	36.6	115.5	68.3	0.5	30.0	98.3
	2032	7.2	136.2	94.7	36.5	150.1	75.7	0.5	54.3	99.1
	2033	7.2	136.1	94.7	36.5	150.0	75.7	0.5	54.3	99.1
	2034	7.2	136.0	94.7	36.4	149.8	75.7	0.5	54.2	99.1
	2035	7.2	135.9	94.7	36.4	149.7	75.7	0.5	54.2	99.1
	2036	7.2	135.8	94.7	36.4	149.6	75.7	0.5	54.2	99.1
	2037	7.1	140.2	94.9	36.3	154.9	76.6	0.5	54.9	99.1
	2038	7.1	140.1	94.9	36.3	154.9	76.6	0.5	54.9	99.1
	2039	7.1	140.0	94.9	36.3	154.8	76.6	0.5	54.9	99.1
	2040	7.1	140.0	94.9	36.3	154.7	76.6	0.5	54.9	99.1
	2041	7.1	139.9	94.9	36.3	154.6	76.6	0.5	54.9	99.1
	2042	7.1	143.8	95.0	36.2	159.8	77.3	0.5	54.9	99.1

Note: For the calculation of averages, specific rates are excluded, and the *ad valorem* parts of alternate rates are included.
Based on the HS 2022 nomenclature.

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

4. Table A1.3 shows the market access opportunities in Indonesia for Korea's top 25 exports, which, in 2020-2022, accounted for 46.4% of Korea's global exports and covered 283 lines. 82 of those lines were already duty free on an MFN basis in 2023 while 126 lines became duty free in 2023, while 2 will be duty free in 2027 and 14 in 2032. At the end of implementation, 59 lines will remain dutiable under the Agreement relating to motor vehicles and petroleum, whose applied MFN tariff in 2023 ranged from 1.5% for petroleum to 40.6%.

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

Korea's top export products in 2020 - 2022			Access Conditions to Indonesia's import markets						
HS number and description of the product		Share in global exports (%)	MFN 2023			Duty-free lines under the Agreement			Remain Dutiable
			Average Tariff (%)	Number of lines					
					duty-free	duti-able	2023	2027	
854232	Electronic integrated circuits as memories	10.0	0.0	1					
854231	Electronic integrated circuits as processors and controllers, whether or not combined with memories.	5.0	0.0	1					

Korea's top export products in 2020 - 2022			Access Conditions to Indonesia's import markets						
HS number and description of the product		Share in global exports (%)	MFN 2023			Duty-free lines under the Agreement			Remain Dutiable
			Average Tariff (%)	Number of lines		2023	2027	2032	
				duty-free	duti-able				
	converters, logic circuits, amplifiers, clock and timing circuits, or other circuits								
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	4.9	1.5	12	5	1	2		2
870323	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm³ but <= 3.000 cm³	2.7	36.1		36	18		2	16
847330	Parts and accessories of automatic data-processing machines or for other machines of heading 8471, n.e.s.	2.2	0.0	2					
852351	Solid-state, non-volatile data storage devices for recording data from an external source [flash memory cards or flash electronic storage cards]	2.0	2.9	5	3	3			
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. losses" distil at 210°C "astm d 86 method"	1.7	0.0	22					
890120	Tankers	1.6	0.0	5					
854239	Electronic integrated circuits	1.5	0.0	1					
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	1.4	10.0		15	15			
852990	Parts suitable for use solely or principally with flat panel display modules, transmission and reception apparatus for radio-broadcasting or television, television cameras, digital cameras, video camera recorders, radar apparatus, radio navigational aid apparatus or radio remote control apparatus, monitors and projectors, n.e.s.	1.2	0.0	11					
890190	Vessels for the transport of goods and vessels for the transport of both persons and goods	1.1	2.0	6	4	4			
330499	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), incl. sunscreen or suntan preparations	1.0	15.0		3	3			
284190	Salts of oxometallic or peroxometallic acids	1.0	5.0		1	1			
850760	Lithium-ion accumulators	1.0	10.0		5	5			
870380	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only electric motor for propulsion	1.0	34.4		18	11		2	5

Korea's top export products in 2020 - 2022			Access Conditions to Indonesia's import markets						
HS number and description of the product		Share in global exports (%)	MFN 2023			Duty-free lines under the Agreement			Remain Dutiable
			Average Tariff (%)	Number of lines		2023	2027	2032	
				duty-free	duti-able				
851779	Parts of telephone sets, telephones for cellular networks or for other wireless networks and of other apparatus for the transmission or reception of voice, images or other data, n.e.s.	0.9	0.0	9					
853400	Printed circuits	0.9	0.0	4					
870322	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.000 cm³ but <= 1.500 cm³	0.9	30.0		20	10		3	7
870324	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 3.000 cm³	0.9	40.0		18	18			
852412	Flat panel display modules, whether or not incorporating touch-sensitive screens, without drivers or control circuits, of organic light-emitting diodes "oled"	0.8	0.0	1					
851771	Aerials and aerial reflectors of all kinds, of telephone sets, telephones for cellular networks or for other wireless networks and of other apparatus for the transmission or reception of voice, images or other data; parts suitable for use therewith	0.8	0.0	1					
290243	p-xylene	0.8	0.0	1					
870340	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with both spark-ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion	0.7	40.6		68	32		7	29
847989	Machines and mechanical appliances, n.e.s.	0.6	5.0		5	5			
	Total of above	46.4		82	201	126	2	14	59

Note: Based on the HS 2022 nomenclature.

Source: WTO estimates based on the data provided by the Indonesian authorities and UNSD, Comtrade database.

5. Table A1.4 shows the market access opportunities in Korea for Indonesia's top 25 exports, which, in 2020-2022, accounted for 49.9% of Indonesia's global exports and covered 96 lines. 16 of those lines were already duty free on an MFN basis in 2023 while 73 lines became duty free in 2023, and 7 will be duty free in 2032. At the end of implementation, no lines will remain dutiable under the Agreement.

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

Indonesia's top export products in 2020 - 2022			Access Conditions to Korea's import markets						
HS number and description of the product			Share in global exports (%)	MFN 2023			Duty-free lines under the Agreement		Remain Dutiable
				Average Tariff (%)	Number of lines		20232032		
					duty- free	duti- able			
270119	Coal, whether or not pulverised, non-agglomerated	9.5	0.0	1					
151190	Palm oil and its fractions, whether or not refined	8.9	2.0		3	3			
720260	Ferro-nickel	3.7	3.0		1	1			
270112	Bituminous coal, whether or not pulverised, non-agglomerated	3.2	0.0	4					
260300	Copper ores and concentrates	2.5	0.0	1					
271111	Natural gas, liquefied	2.2	3.0		1	1			
270210	Lignite, whether or not pulverised, non-agglomerated	2.1	1.0		1	1			
151110	Crude palm oil	1.6	3.0		1	1			
400122	Technically specified natural rubber "tsnr"	1.5	0.0	1					
382319	Fatty acids, industrial, monocarboxylic; acid oils from refining	1.2	8.0		3	2	1		
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes	1.2	3.0		2	2			
271121	Natural gas in gaseous state	1.1	3.0		1	1			
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal	1.1	8.0		3	3			
470329	Semi-bleached or bleached non-coniferous chemical wood pulp, soda or sulphate	1.1	0.0	2					
640411	Sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials	1.0	13.0		1	1			
721899	Semi-finished products of stainless steel	1.0	0.0	3					
800110	Unwrought tin, not alloyed	0.9	2.0		1	1			
640319	Sports footwear, with outer soles of rubber, plastics, leather or composition leather and uppers of leather	0.9	13.0		1	1			
270900	Petroleum oils and oils obtained from bituminous minerals, crude	0.8	3.0		10	10			
721913	Flat-rolled products of stainless steel, of a width of >= 600 mm, not further worked than hot-rolled, in coils, of a thickness of >= 3 mm and < 4,75 mm	0.8	0.0	3					
750110	Nickel mattes	0.8	0.0	1					
870323	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm³ but <= 3.000 cm³	0.8	8.0		4	4			
870322	Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars, with only spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.000 cm³ but <= 1.500 cm³	0.7	8.0		2	2			
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	0.7	6.4		42	36	6		

Indonesia's top export products in 2020 - 2022			Access Conditions to Korea's import markets					
HS number and description of the product		Share in global exports (%)	MFN 2023			Duty-free lines under the Agreement		Remain Dutiable
			Average Tariff (%)	Number of lines		2023	2032	
				duty- free	duti- able			
151329	Palm kernel and babassu oil and their fractions, whether or not refined, but not chemically modified	0.7	7.0		3	3		
	Total of above	49.9		16	80	73	7	0

Note: Based on the HS 2022 nomenclature.

Source: WTO estimates based on the data provided by the Korean authorities and UNSD, Comtrade database.