

CHAPTER 1 GENERAL PROVISIONS

ARTICLE 1.1

Objectives

1. Korea and the EFTA States hereby establish a free trade area in accordance with the provisions of this Agreement.
2. The objectives of this Agreement, which is based on trade relations between market economies, are:
 - (a) to achieve the liberalisation and facilitation of trade in goods, in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as “the GATT 1994”);
 - (b) to achieve the liberalisation of trade in services, in conformity with Article V of the General Agreement on Trade in Services (hereinafter referred to as “the GATS”);
 - (c) to promote competition in their economies, particularly as it relates to economic relations between the Parties;
 - (d) to achieve further liberalisation on a mutual basis of the government procurement markets of the Parties;
 - (e) to ensure adequate and effective protection of intellectual property rights, in accordance with international standards; and
 - (f) to contribute in this way, by the removal of barriers to trade and by developing an environment conducive to increased investment flows, to the harmonious development and expansion of world trade.

ARTICLE 1.2

Geographical Scope

1. Without prejudice to Annex I, this Agreement shall apply:
 - (a) to the land territory, internal waters, and the territorial sea of a Party, and the air-space above the territory in accordance with international law; as well as

- (b) beyond the territorial sea, with respect to measures taken by a Party in the exercise of its sovereign right or jurisdiction in accordance with international law.
2. Annex II applies with respect to Norway.

ARTICLE 1.3

Trade and Economic Relations Governed by this Agreement

1. The provisions of this Agreement apply to the trade and economic relations between, on the one side, Korea and, on the other side, the EFTA States, but not to the trade relations between individual EFTA States, unless otherwise provided for in this Agreement.
2. As a result of the customs union established by the Treaty of 29 March 1923 between the Swiss Confederation and the Principality of Liechtenstein, the Swiss Confederation shall represent the Principality of Liechtenstein in matters covered thereby.

ARTICLE 1.4

Investment

Regarding investment, reference is made to the agreement on investment separately concluded between Korea, on the one hand, and Iceland, Liechtenstein and Switzerland, on the other. This agreement shall for these Parties form part of the instruments establishing the free trade area.

ARTICLE 1.5

Relationship to other Agreements

The provisions of this Agreement shall be without prejudice to the rights and obligations of the Parties under the WTO Agreement and any other international agreement to which they are party.

ARTICLE 1.6

Regional and Local Government

Each Party shall ensure within its territory the observance of all obligations and commitments under this Agreement by its respective regional and local governments and authorities, and by non-governmental bodies in the exercise of governmental powers delegated to them by central, regional and local governments or authorities.

ARTICLE 1.7

Preferential Agreements

This Agreement shall not prevent the maintenance or establishment of customs unions, free trade areas, arrangements for frontier trade and other preferential agreements to the extent that these do not adversely affect the trade regime provided for by this Agreement.