

Understanding on the cross-border supply of insurance services as committed in the lists of commitments in Annex 7-A (List of Commitments)

With respect to the cross-border supply of insurance services as committed in the lists of commitments in Annex 7-A (List of Commitments), namely insurance of risks relating to:

- (a) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and
- (b) goods in international transit,

the Parties confirm that where a Member State of the European Union requires that such supply be made by suppliers established in the European Union, a Korean financial service supplier may supply such services through its establishment to any other Member State of the European Union without being established in the Member State of the European Union where the service is supplied. For further clarification, such supply includes the production, distribution, marketing, sale and delivery of the financial services.

Consultations shall continue between the European Commission and those Member States of the European Union which retain such a requirement of establishment in the European Union to take further steps towards the facilitation of the supply of these services in their territories. The EU Party welcomes Korea's proposal to hold consultations in the future with a view to reaching agreement thereon.

This Understanding shall constitute an integral part of this Agreement.

Understanding on the Korean postal reform plan¹

In the course of the negotiations of this Agreement, the delegation of Korea explained to the delegation of the European Union the Korean government's intention on its postal reform plan.

In this context, Korea has drawn to the attention of the delegation of the European Union the following aspects of its postal reform plan:

Korea intends to expand gradually the exceptions to the Korean Postal Authority's monopoly to increase the scope of private delivery services that are permitted. This will be done through amendments to the *Postal Service Act*, related laws, or their subordinate regulations.

- (a) After these amendments are enacted, the scope of Korean Postal Authority's letter-posts will be clearer through the redefinition of its concept, and the exceptions to the letter-posts monopoly will be extended based on objective standards such as weight, price or a combination thereof.
- (b) In determining the nature and extent of such amendments, Korea will consider various factors, including domestic market conditions, the experience of other countries with postal liberalisation, and the need to ensure universal service. Korea plans to implement these amendments within the next three years from the date of signature of this Agreement.

In applying these reformed criteria Korea will provide non-discriminatory opportunities to all the postal and express delivery service suppliers in Korea.

Korea will also amend Article 3 of the *Enforcement Decree of the Postal Services Act*, thereby expanding the exceptions to the Korean Postal Authority monopoly to include all international document express delivery services by the entry into force of this Agreement. For greater certainty, international and domestic express delivery services of all documents are not subject to the postal service monopolies in the Member States of the European Union.

¹ This Understanding is non-binding and not subject to Chapter Fourteen (Dispute Settlement).

Understanding concerning specific commitments on telecommunications services

The following understanding was reached between the delegations of Korea and the European Union during the course of negotiations regarding specific commitments on telecommunications services in this Agreement:

If a Party conditions the granting of a license to supply public telecommunications services to a person of the Party in which a person of the other Party holds an equity interest on a finding that the supply of such services would serve the public interest, the Party shall ensure that it: (i) bases any such finding and the procedures for making such a finding on objective and transparent criteria; (ii) employs a presumption in favor of finding that granting a license to a person of the Party in which a person of the other Party holds an equity interest would serve the public interest; and (iii) develops any such procedures consistent with Article 7.22 (Transparency and Confidential Information), Article 7.23 (Domestic Regulation) and Article 7.36 (Resolution of Telecommunications Disputes).

This Understanding shall constitute an integral part of this Agreement.

Understanding on regulations relating to zoning, urban planning and environmental protection

During the negotiations on Chapter Seven (Trade in Services, Establishment and Electronic Commerce) of this Agreement, the Parties discussed regulations relating to zoning, urban planning and environmental protection which are applicable in Korea and in the European Union at the time of signature of this Agreement.

The Parties share the understanding that, in so far as regulations, including regulations relating to zoning, urban planning and environmental protection, constitute non-discriminatory and non-quantitative measures affecting establishment, they are not subject to scheduling.

Based on the common understanding above, the Parties confirm that specific measures maintained by Korea in the following Acts are not subject to scheduling:

- *Seoul Metropolitan Area Readjustment Planning Act*
- *Industrial Cluster Development and Factory Establishment Act*
- *Special Act on the Improvement of Air Environment in the Seoul Metropolitan Area*

The Parties confirm their right to introduce new regulations relating to zoning, urban planning and environmental protection.

This Understanding shall constitute an integral part of this Agreement.