

ANNEX I

SCHEDULE OF KOREA

EXPLANATORY NOTES

1. The Schedule of Korea to this Annex sets out, pursuant to Article 7.10 (Non-Conforming Measures), Korea's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 7.4 (National Treatment);
- (b) Article 7.5 (Most-Favored-Nation Treatment);
- (c) Article 7.8 (Performance Requirements); or
- (d) Article 7.9 (Senior Management and Board of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the article(s) referred to in paragraph 1 that, pursuant to Article 7.10.1(a) (Non-Conforming Measures), do not apply to the non-conforming aspects of the law, regulation, or other measures, as set out in paragraph 3;
- (c) **Level of Government**¹ indicates the level of government maintaining the scheduled measure(s);
- (d) **Measures**² identifies the laws, regulations, or other measures for which the entry is made. A measure cited in the **Measures** element:
 - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement; and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (e) **Description** sets out commitments, if any, for liberalization on the date of entry into force of the Agreement, and the remaining non-conforming aspects of the measure for which the entry is made.

3. In the interpretation of a Schedule entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant articles of the Chapters against which the entry is made. To the extent that:

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, the **Measures** element as so qualified shall

¹ If none is specified, the measure is maintained at the central level of government.

² For greater certainty, a change in the level of government at which a measure is administered or enforced does not, by itself, decrease the conformity of the measure with the obligations referred to in Article 7.10.1.

prevail over all other elements; and

- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Articles 7.10.1(a) (Non-Conforming Measures) and subject to Articles 7.10.1(c) (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that entry.

5. A **foreign person** means a foreign national or an enterprise organized under the laws of another country.

1. Sector:	Agriculture and Livestock
Obligations Concerned:	National Treatment (Article 7.4)
Measures:	<p><i>Foreign Investment Promotion Act</i> (Law No. 16479, August 20, 2019), Article 4</p> <p><i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 30170, October 29, 2019), Article 5</p> <p><i>Regulations on Foreign Investment</i> (Notice of the Ministry of Trade, Industry, and Energy, No.2018-137, July 6, 2018), Attached Table 2</p>
Description:	Foreign persons may not: (i) invest in an enterprise engaged in rice or barley farming; or (ii) hold 50 percent or more of the equity interest of an enterprise engaged in beef cattle farming.

2. Sector:	Manufacturing of Biological Products
Obligations Concerned:	Performance Requirements (Article 7.8)
Measures:	<i>Pharmaceutical Affairs Act</i> (Law No. 16250, January 15, 2019), Article 42 <i>Regulations on Safety of Pharmaceuticals, Etc.</i> (Ordinance of the Prime Minister No. 1544, June 12, 2019), Article 11
Description:	A person who manufactures blood products must procure raw blood materials from a blood management body in Korea.

3. Sector:	Energy Industry- Electric Power Generation Other Than Nuclear Power Generation; Electric Power Transmission, Distribution and Sales
Obligations Concerned:	National Treatment (Article 7.4)
Measures:	<p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 16191, December 31, 2018), Article 168</p> <p><i>Enforcement Decree of Financial Investment Services and Capital Markets Act</i> (Presidential Decree No30118, October 8, 2019), Article 187</p> <p><i>Foreign Investment Promotion Act</i> (Law No. 16479, August 20, 2019), Articles 4 and 5</p> <p><i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 30170, October 29, 2019), Article 5</p> <p><i>Regulation on Foreign Investment</i> (Notice of the Ministry of Trade, Industry and Energy No. 2018-137, July 6, 2018), Attached Table 1 and 2</p> <p><i>Notice of the Ministry of Finance and Economy</i> (No. 2000-17, September 28, 2000)</p> <p><i>Financial Investment Service Regulations</i> (Notice of the Financial Services Commission No. 2019-8, March 20, 2019), Article 6-2</p>
Description:	<p>The aggregate foreign share of KEPCO's issued stocks may not exceed 40 percent. A foreign person may not become the largest shareholder of KEPCO.</p> <p>The aggregate foreign share of power generation facilities, including cogeneration facilities of heat and power (GHP) for the district heating system (DHS), may not exceed 30 percent of the total facilities in the territory of Korea.</p> <p>The aggregate foreign share of electric power transmission, distribution and sales businesses should be less than 50 percent. A foreign person may not be the largest shareholder.</p>

4. Sector:	Energy Industry - Gas Industry
Obligations Concerned:	National Treatment (Article 7.4)
Measures:	<i>Act on the Improvement of Managerial Structure and Privatization of Public Enterprises</i> (Law No. 11845, May 28, 2013), Article 19 <i>Financial Investment Services and Capital Markets Act</i> (Law No. 16191, December 31, 2018), Article 168 <i>Foreign Investment Promotion Act</i> (Law No. 16479, August 20, 2019), Articles 4 and 5 <i>Articles of Incorporation of the Korea Gas Corporation</i> (March 27, 2019), Article 11
Description:	Foreign persons, in the aggregate, may not own more than 30 percent of the equity of KOGAS.