

CHAPTER ONE GENERAL PROVISIONS

Article 1.1: Establishment of a Free Trade Area

The Parties, consistent with Article XXIV of GATT 1994 and Article V of GATS, hereby establish a free trade area in accordance with the provisions of this Agreement.

Article 1.2: Objectives

The objectives of this Agreement are to:

- (a) achieve the substantial liberalization of trade in goods between the Parties, in conformity with Article XXIV of GATT 1994;
- (b) achieve the substantial liberalization of trade in services between the Parties, in conformity with Article V of GATS;
- (c) mutually enhance investment opportunities;
- (d) promote competition in their economies, particularly as it relates to economic relations between the Parties;
- (e) bring substantial benefits to the Parties, with special consideration for Micro, Small and Medium Enterprises (MSMEs);
- (f) develop appropriate cooperation initiatives in the fields of innovation and research and development; and
- (g) establish a framework to enhance closer cooperation in the fields agreed upon by the Parties in this Agreement.

Article 1.3: Relation to Other Agreements

1. The Parties reaffirm their rights and obligations under the WTO Agreement, the Korea-ASEAN FTA, and any other agreements to which both Parties are party.

2. Unless otherwise provided in this Agreement, in the event of any inconsistency between this Agreement and another agreement to which both Parties are party, the Parties shall immediately consult with each other with a view to finding a mutually satisfactory solution.

Article 1.4: Extent of Obligations

Each Party shall, subject to the provisions of this Agreement, ensure the observance of all obligations and commitments under this Agreement by its 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 1.5: General Definitions

For purposes of this Agreement, unless otherwise specified,

Agreement on Agriculture means the *Agreement on Agriculture*, in Annex 1A to the WTO Agreement;

Anti-Dumping Agreement means the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994*, in Annex 1A to the WTO Agreement;

customs authority means the authority that, in accordance with the legislation of each Party, is responsible for the administration and enforcement of its customs laws and regulations:

- (a) for Korea, the Ministry of Economy and Finance or the Korea Customs Service, or their respective successors; and
- (b) for the Philippines, the Bureau of Customs, or its successor;

customs duties means any customs or import duty and a charge of any kind, including any form of surtax or surcharge, imposed in connection with the importation of a good, but does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article III:2 of GATT 1994, in respect of like, directly competitive, or substitutable goods of a Party, or in respect of goods from which the imported good has been manufactured or produced in whole or in part;

- (b) duty imposed pursuant to a Party's laws and regulations consistent with Chapter Three (Trade Remedies);
- (c) fee or other charge in connection with importation commensurate with the cost of services rendered;
- (d) premiums offered or collected on an imported good arising out of any tendering system in respect of the administration of quantitative import restrictions or tariff rate quotas; or
- (e) duty imposed pursuant to any agricultural safeguard measure taken under the Agreement on Agriculture;

Customs Valuation Agreement means the *Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994*, in Annex 1A to the WTO Agreement;

days means calendar days, including weekends and holidays;

existing means in effect on the date of the entry into force of this Agreement;

GATS means the *General Agreement on Trade in Services*, in Annex 1B to the WTO Agreement;

GATT 1994 means the *General Agreement on Tariffs and Trade 1994*, including its notes and supplementary provisions, which is a part of the WTO Agreement;

goods means any merchandise, product, article, or material;

Harmonized System (HS) means the nomenclature of the Harmonized Commodity Description and Coding System defined in the *International Convention on the Harmonized Commodity Description and Coding System*, including all legal notes thereto, as in force and as amended from time to time;

Joint Committee means the Korea-Philippines Free Trade Agreement Joint Committee established under Article 11.1 (Joint Committee);

juridical person means any legal entity duly constituted or otherwise organized under applicable laws and regulations, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship, or association;

Korea-ASEAN FTA means 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 other

relevant agreements stipulated in paragraph 1 of Article 1.4 of the Framework Agreement;

measure means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form;

measures adopted or maintained by a Party means measures adopted or maintained by:

- (a) central, regional, or local governments and authorities; and
- (b) non-governmental bodies in the exercise of powers delegated by central, regional, or local governments and authorities;

national means:

- (a) for Korea, a Korean national within the meaning of the *Nationality Act*, as amended; and
- (b) for the Philippines, a Filipino national as defined in its *Constitution*, as amended;

originating goods means products or materials that qualify as originating under Chapter Four (Rules of Origin);

person means a natural person or a juridical person;

preferential tariff treatment means tariff concessions granted to originating goods as reflected by the tariff rates applicable under this Agreement;

Safeguards Agreement means the *Agreement on Safeguards*, in Annex 1A to the WTO Agreement;

SCM Agreement means the *Agreement on Subsidies and Countervailing Measures*, in Annex 1A to the WTO Agreement;

territory means:

- (a) for Korea, the land, maritime, and airspace under its sovereignty, and those maritime areas, including the seabed and subsoil adjacent to and beyond the outer limit of the territorial seas over which it may exercise sovereign rights or jurisdiction in accordance with international law and its domestic law; and

- (b) for the Philippines, the national territory as defined in Article I of its Constitution. The term “national territory” also includes the exclusive economic zone and the continental shelf over which the Philippines exercises sovereign rights or jurisdiction in accordance with its laws and regulations and under international law;

Trade Facilitation Agreement means *the Agreement on Trade Facilitation*, in Annex 1A to the WTO Agreement;

WTO means the World Trade Organization; and

WTO Agreement means the *Marrakesh Agreement Establishing the World Trade Organization*, done on 15 April 1994.