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TRADE POLICY REVIEW

THE REPUBLIC OF KOREA

MINUTES OF THE MEETING

Addendum

Chairperson: H.E. Mr. Mr Didier Chambovey (Switzerland)

This document contains the advance written questions and additional questions by WTO Members, and replies provided by the Republic of Korea.¹

**Organe d'examen des politiques commerciales
13 et 15 octobre 2021**

EXAMEN DES POLITIQUES COMMERCIALES

RÉPUBLIQUE DE CORÉE

COMPTE RENDU DE LA RÉUNION

Addendum

Président: S.E. M. Mr Didier Chambovey (Suisse)

Le présent document contient les questions écrites communiquées à l'avance par les Membres de l'OMC, leurs questions additionnelles, et les réponses fournies par République de Corée.¹

**Órgano de Examen de las Políticas Comerciales
13 y 15 de octubre de 2021**

EXAMEN DE LAS POLÍTICAS COMERCIALES

REPÚBLICA DE COREA

ACTA DE LA REUNIÓN

Addendum

Presidente: Excmo. Sr. Mr Didier Chambovey (Suiza)

En el presente documento figuran las preguntas presentadas anticipadamente por escrito y las preguntas adicionales de los Miembros de la OMC, así como las respuestas facilitadas por República de Corea.¹

¹ In English only./En anglais seulement./En inglés solamente.

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ARGENTINA**I. INFORME DE LA SECRETARÍA (WT/TPR/S/414)****I. INFORME DE LA SECRETARÍA (WT/TPR/S/414)****A. Acuerdo de Asociación Económica Amplia (RCEP)**

- Página 47, punto 2.5.2.1, RCEP 2.46 al 2.54.

El 15 de noviembre de 2020, 15 partes, incluida la República de Corea, firmaron el Acuerdo de Asociación Económica Amplia (RCEP) que abarca, entre otras cosas, el comercio de mercancías, el comercio de servicios, la inversión y el comercio electrónico. El Acuerdo aún se encuentra bajo evaluación por parte de Corea y pendiente de ratificación.

Pregunta 1:

El artículo 5.17.2 del capítulo de Medidas Sanitarias y Fitosanitarias del RCEP establece que, luego de dos años de entrada en vigor el Acuerdo, las partes revisen la no aplicación para dicho capítulo del capítulo 19 sobre Solución de Controversias prevista en el artículo 5.17.1.

En ese sentido, ¿Cuál sería la posición de la República de Corea sobre la eventual futura aplicación del capítulo 19 de Solución de Controversias al capítulo 5 sobre Medidas Sanitarias y Fitosanitarias?

Question 1 (Section 2.5.2.1 RCEP):

Article 5.17.2 of the chapter on Sanitary and Phytosanitary Measures of the RCEP establishes that, after two years of the Agreement's entry into force, the parties review the non-application for said chapter of Chapter 19 on Dispute Resolution provided for in article 5.17. 1.

In this regard, what would be the position of the Republic of Korea on the eventual future application of Chapter 19 on Dispute Settlement to Chapter 5 on Sanitary and Phytosanitary Measures?

ANSWER:

As stipulated in Article 5.17.2 of the RCEP, the Dispute Settlement of Article 19 of the RCEP are to be determined through consultation with member states at the time two years have elapsed.

The republic of Korea is based on the application of WTO dispute settlement procedures.

B. Medidas Sanitarias y Fitosanitarias

- Párrafo 3.163 - Marco para el establecimiento de normas alimentarias

Pregunta 2: Allí se indica que el Sistema reglamentario de Corea toma en cuenta las opiniones de los consumidores y de la industria. Podría Corea indicar si se considera asimismo información científica/técnica a la hora de elaborar nuevas regulaciones en materia sanitaria / fitosanitaria?

Question 2 (Para.3.163)

It indicates that the Korean Regulatory System takes into account the opinions of consumers and the industry. Could Korea indicate whether scientific / technical information is also considered when developing new sanitary / phytosanitary regulations?

ANSWER:

Korea establishes and revises relevant sanitary and phytosanitary regulations based on scientific and technical information. Korea refers to standards provided by international organizations.

For phytosanitary matters, it refers the International Standards for Phytosanitary Measures (ISPM) of the IPPC, and for sanitary matters, it refers to the Terrestrial Animal Health Code (TAHC) of the OIE.

- Párrafo 3.173 a 3.178 - Reglamentaciones cuarentenarias

Pregunta 3: Podría indicar Corea cuantas solicitudes recibe en promedio por año para apertura sanitaria de mercados de productos agroalimentarios (origen animal, vegetal y alimentos derivados)?

Question 3 (para.3.173, 3.178)

Could Korea indicate how many applications it receives on average per year for the sanitary opening of markets for agri-food products (animal, vegetable and derived foods)?

ANSWER:

Korea receives applications all year round on occasions of bilateral or multilateral meetings or consultations.

Korea receives an average of 18 applications for import authorization per year: 8 applications for plants and 10 for animals

Pregunta 4 Teniendo en cuenta que Corea solicita establecer prioridades de interés para realizar los análisis de riesgo para un producto por vez, ¿podría indicar Corea cuántos requisitos de importación aprueba por año aproximadamente?

Question 4 (para.3.173, 3.178) : Taking into account that Korea requests to establish priorities of interest to carry out risk analyses for one product at a time, could Korea indicate how many import requirements it approves per year approximately?

ANSWER:

Korea is carrying out risk analysis on import quarantine for aquatic animals. Such analysis is done based on diseases. No priority is set for risk analysis of a specific product.

For the last three years, an annual average of 7 cases was approved for the market access of agricultural, animal and livestock products. For the agricultural products, based on the international standard of the IPPC, Korea carries out pest risk analysis, and average of 4 cases was approved annually for the last three years.

Pregunta 5. ¿Podría indicar Corea si además de los principios relativos al análisis de riesgos, Corea tiene en cuenta otros factores a la hora de determinar si realizará o no un análisis de riesgos a una solicitud de algún país?

Question 5. (para.3.173, 3.178) Could Korea indicate whether in addition to risk analysis principles, Korea takes into account other factors when determining whether or not to conduct a risk analysis on a request from a country?

ANSWER:

The import risk analysis is carried out according to the international standards (IPPC and OIE standards) and relevant domestic laws.

Other factors do not have impact on the decision whether or not to conduct risk analysis

Regarding import quarantine for aquatic animals, Korea is only taking into account risk analysis principles.

Pregunta 6. ¿Tiene en cuenta volumen de producción del país exportador u otro tipo de consideraciones económicas al momento de definir si realizará un análisis de riesgos?

Question 6. (para.3.173, 3.178) Do you take into account the production volume of the exporting country or other economic considerations when defining whether to carry out a risk analysis?

ANSWER:

Korea takes into account the risk of the introduction of diseases and pests, outbreak situations of animal diseases and a request from an exporting countries when carrying out import approval procedures for animal and livestock products and import risk analysis of plants.

Risk analysis on import quarantine for aquatic animals follows international standards and does not consider an exporting country's GDP or economic factors.

- Párrafo 3.170 a 3.172 - Productos modificados genéticamente y organismos vivos modificados.

Pregunta 7. Considerando lo informado por notificación G/SPS/N/KOR/723 que introduciría un tratamiento diferenciado para las *New Breeding Techniques*, ¿podría Corea informar de qué manera diferencia entre revisión y examen preliminar que se aplica a las NBT y la evaluación de riesgo que se realiza para los OGM?

Question 7 (para 3.170). Considering what was informed by notification G/SPS/N/KOR/723 that would introduce a differentiated treatment for New Breeding Techniques, could Korea inform how it differentiates between review and preliminary examination applied to NBT and the evaluation risk that is carried out for GMOs?

ANSWER:

The review of NBTs will require much simpler information than the risk evaluation of LMOs. Details will be handled later under decrees, after the modification of the current law which process is ongoing. Korea is planning to require information that is predictable, and data that are easy to prepare. The preliminary review of NBT will be conducted with much more simplified data rather than the current risk review of living modified organisms (LMO). The draft of specific procedures will be dealt with in lower statutes after the LMO Act amendment in progress. The data to be submitted for the preliminary review needs to be predictable and easy-to-write. These contents were derived through the consultation/discussion process of all ministries related to LMO safety management in Korea.

- Párrafo 3.176

Pregunta 8: Allí se ha señalado que Corea levantó las restricciones a la importación de carne bovina procedente de distintos países como Países Bajos y Dinamarca. ¿Podría Corea explicar qué criterios utilizó para priorizar dichas aperturas por sobre otras solicitudes con igual status sanitario?

Question 8 (para 3.176): There it has been pointed out that Korea lifted restrictions on the importation of beef from different countries such as the Netherlands and Denmark. Could Korea explain what criteria it used to prioritize these openings over other requests with the same sanitary status?

- Párrafo 3.178

ANSWER:

Korea conducts import risk assessment of countries according to the order of arrival of applications pursuant to domestic legislation. No other criteria applies.

Pregunta 9: En el párrafo arriba mencionado se hace referencia a condiciones sanitarias simplificadas para la importación a partir del Acuerdo de Asociación Económica Amplia Regional (RCEP) y el Tratado Integral y Progresista de Asociación Transpacífico (CPTPP). Podría Corea indicar en qué consisten estas condiciones sanitarias simplificadas?

Question 9(para 3.176): In the above-mentioned paragraph, reference is made to simplified sanitary conditions for imports based on the Regional Comprehensive Economic Partnership Agreement (RCEP) and the Comprehensive and Progressive Treaty of Trans-Pacific Partnership (CPTPP).

Could Korea indicate what these simplified sanitary conditions consist of?

[ANSWER]

The first sentence is an excerpt from the reference which describes the policy environment in which there is tendency of simplifying the procedure related to sanitary conditions for import in multilateral trade agreements, such as RCEP and CPTPP. The following sentences describe MFDS measures that facilitate import of safe product and therefore, is not related to sanitary conditions for import. Sanitary conditions for import should be determined via consultations between the exporting country and the importing country.

C. Indicaciones geográficas

- Párrafo 3.256

Teniendo en cuenta que el Acuerdo ADPIC contempla la protección de IGs homónimas en el artículo 23.3.

Pregunta 10. ¿Cómo se protegen las IGs que son homónimas con aquellas que sean iguales o similares a otras protegidas por Corea en acuerdos multilaterales o bilaterales?

Question 10. (para 3.256)

How are GIs that are homonymous with those that are the same or similar to others protected by Korea in multilateral or bilateral agreements protected?

[ANSWER]

If a GI protected by Korea in multilateral or bilateral agreements is registered as a collective mark with GI, a homonymous GI can be registered as another collective mark with GI (Trademark

Law (34)(4) and (35)(5)(ii)) and is allowed to be used even though it is unregistered (Trademark Law (90)(2)(iii)).

C. Indicaciones geográficas

- Párrafo 3.256

Teniendo en cuenta que el Acuerdo ADPIC contempla la protección de IGs homónimas en el artículo 23.3.

Pregunta 11. ¿Cuáles son los procedimientos y criterios que se establecen para el registro de IGs extranjeras? ¿Qué costo tiene el registro? ¿Existe intervención del país que reconoce la IG o queda sólo a cargo de los productores el registro? Tiene Corea más de un sistema de protección de las indicaciones geográficas? ¿Podría indicar Corea de que depende que las IGs se registren como marcas o bajo un sistema sui generis? ¿Podría especificar claramente las diferencias entre uno y otro sistema en cuanto a: el cumplimiento de la definición de IGs del artículo 22 de TRIPS, la excepción de protección cuando existen marcas previas, la excepción del genérico, las variedades vegetales, los nombres comerciales en el curso de operaciones comerciales. ¿Podría indicar además si el plazo de protección es el mismo bajo ambos sistemas? ¿Podría indicar cuales son los causales de caducidad o suspensión de la protección a una IGs bajo ambos sistemas?

Question 11. (para 3.256)

What are the procedures and criteria established for the registration of foreign GIs? How much does the registration cost? Is there an intervention by the country that recognizes the GI or is the registration only left to the producers? Does Korea have more than one GI protection system? Could Korea indicate that it depends on GIs being registered as trademarks or under a sui generis system? Could you clearly specify the differences between one system and the other in terms of: compliance with the definition of GIs in article 22 of TRIPS, the protection exception when there are previous trademarks, the generic exception, plant varieties, trade names in the course of business operations. Could you also indicate if the term of protection is the same under both systems? Could you indicate what are the reasons for the expiration or suspension of protection to a GI under both systems?

ANSWER:

In order to register a foreign GI in Korea, you can apply separately as a collective mark with GI or request overall protection when negotiating an FTA between countries.

The registration fee for the collective mark with GI (trademark) is basically KRW 211,000 (about USD 180). If you submit it as an electronic document and designate a product using the product name of Nice Classification, you will receive a discount.

There is no registration fee if it is protected under the FTA.

In order to register the collective mark with GI, you must undergo a trademark examination by the government (Korean Intellectual Property Office).

In order to protect a GI under the FTA, you must go through an opposition process from the same industry.

Korea protects GI under the Unfair Competition Prevention Act (GI protected under the FTA), the Trademark Act (Collective mark with GI), and the Agricultural and Fishery Product Quality Control Act (Domestic GI).

In the case of foreign GI, the trademark system is used to apply for separate protection, and the sui generis system (Unfair Competition Prevention Act) is used to apply for overall protection to the Korean government through their own government.

The GI definition in Article 22 of the TRIPS satisfies both GIs under the Trademark Act and GIs under the Unfair Competition Prevention Act.

Exceptions to GI protection

Classification	In the case of conflict with the Collective marks with GI	In the case of conflict with the GI of the Unfair Competition Prevention Act
Existing trademark (First-to-file/First-to-use trademark)	-First-to-file trademark: Available (Trademark Act 90(2)(iv)) - First-to-use trademark: Available (Trademark Act 99(1))	- First-to-file trademark: No regulations - First-to-use trademark: Available (Article 3-2(3) of the Unfair Competition Prevention Act)
Common name	Available (Trademark Act 90(2)(i))	No regulations.
Plant variety name	Available (Trademark Act 90(2)(i))	No regulations.
Your name used in the transaction process	Available (Trademark Act 90(2)(i))	No regulations.

The infringement of collective marks with GI has criminal punishment, but the infringement of GIs of the Unfair Competition Prevention Act has no criminal punishment.

A registered collective marks with GI may be cancelled due to reasons for cancellation of trademarks such as non-use or protection may be terminated if registration fees are not paid, but in order to terminate GI protection under the Unfair Competition Prevention Act, they must be removed from the FTA's protection list.

Pregunta 12: El Acuerdo de Corea con la UE protege las indicaciones geográficas de la UE bajo un sistema sui generis. ¿Podría indicar si dicho nivel de protección está abierto a la protección de indicaciones geográficas de terceros países?

Question 12 (para 3.256): Korea's Agreement with the EU protects EU geographical indications under a sui generis system. Could you indicate whether this level of protection is open to the protection of geographical indications from third countries?

ANSWER:

The Unfair Competition Prevention Act of Korea that regulates GI protection stipulated in the Korea-EU FTA applies equally to the GIs protected by every multilateral and bilateral FTAs.

Pregunta 13: ¿Qué criterio se establece si una marca de amplia reputación y conocida es similar a una IG de un tercer país con el cual Corea tiene acuerdos para la protección de Indicaciones Geográficas?

Question 13 (para 3.256): What criteria is established if a well-known and well-known brand is similar to a third-country GI with which Korea has agreements for the protection of Geographical Indications?

ANSWER:

In the case of famous trademarks similar to GI protected under the FTA, they can be protected if they were used even before the GI was protected. (Article 3-2 (3) of the Unfair Competition Prevention Act)

- Párrafo 3.257

Pregunta 14. ¿Podrían explicar cómo es el proceso de registro establecido en la Ley de Gestión de la Calidad de los Productos Agrícolas, el cual incluye las indicaciones geográficas para los productos agrícolas?

Question 14. (para. 3.257)

Could you explain how is the registration process established in the Law on Quality Management of Agricultural Products, which includes geographical indications for agricultural products?

ANSWER:

A person who applies for registration of a geographical indication, shall file an application and prescribed documents to the National Agricultural Products Quality Management Service. The

subcommittee for deliberation on the registration of geographical indications will review the items eligible for registration and qualifications for applications based on submitted materials. After going through an official announcement for two months and application of formal objection, and if there is no objection filed from a third person, the registration is confirmed.

- Párrafo 3.258

Pregunta 15. ¿Qué ocurre en el caso de marcas registradas en el país de origen, con anterioridad al registro de una IG, la cual contiene indicaciones geográficas de vinos o bebidas espirituosas originarios de cualquier Miembro de la OMC?

Question 15 (3.258)

What happens in the case of trademarks registered in the country of origin, prior to the registration of a GI, which contains geographical indications for wines or spirits originating from any WTO Member?

ANSWER:

If you apply for a trademark, which includes a wine or distilled liquor GI from a WTO member state, to use on wine or distilled liquor, the trademark cannot be registered. However, legitimate users of the GI can receive a trademark registration if they apply for the registration of a collective mark with GI (Trademark Act 34(1)(xvi)).

- Párrafo 3.255

Pregunta 16. ¿Podría indicar de qué depende que una Indicación Geográfica se proteja a través de la ley de marcas o de la Ley de Gestión de la Calidad de los Productos Agrícolas y Pesqueros? ¿Podría especificar cuáles son las diferencias en cuanto a los niveles de protección bajo ambas leyes?

Question 16. (para 3.255)

Could you indicate what depends on whether a Geographical Indication is protected through the trademark law or the Law on the Quality Management of Agricultural and Fishery Products? Could you specify what are the differences in terms of the levels of protection under both laws?

ANSWER:

The Law on the Quality Management of Agricultural and Fishery Products applies to agricultural, fisheries products, and products that processes them. Also, base material production, manufacture and processing should all be in the relevant geographical area. In addition, strict post management should be done based on Quality Control Plans. On the other hand, the Trademark Law includes industrial products such as claypots, and require only one out of the three requirements; production, manufacture and processing.

Classification	Collective marks with GI (Trademark Act)	GI under the Agricultural and Fishery Products Quality Control Act.
Subject to application	Foreign and domestic GIs	Only domestic GI
Purpose	Indication of source	Quality certification
Geographic requirements	Protection only when one of the production, manufacturing, and processing of goods is related to geographical characteristics	Protection only when produced, manufactured and processed in a specific area
Protection level	Civil and criminal liability	Civil liability

ANSWER:

According to the Agricultural and Fishery Products Quality Control Act, the registration of geographical indications requires agricultural products to be both produced and processed in the relevant area subject to the geographical indication. Whereas, in regard to the collective mark with geographical indication under the Trademark Act, it can be registered when satisfying either of two requirements.

In accordance with the two Acts, a person who registered a geographical indication has an exclusive right to use it, and civil and criminal remedies applied to the infringement on his/her rights are the same. For geographical indications, a product bearing a geographical indication can have indication labels on its surface. On the other hand, collective marks with geographical indications have no labels and may be renewed every ten years.

Pregunta 17. El párrafo 3.255 establece todas las leyes que regulan la protección de las indicaciones geográficas, y entre ellas destaca que "...la Ley de Prevención de la Competencia Desleal y

Protección del Secreto Comercial protege las indicaciones geográficas no registradas cuando su protección en virtud de la Ley de Marcas de Fábrica o de Comercio o la Ley de Gestión de la Calidad de los Productos Agrícolas y Pesqueros se ha vuelto ineficaz." ¿Podría ampliar información sobre esta situación, en qué casos la ley de marcas de fábrica y de Comercio y la Ley de Gestión de la Calidad de los Productos Agrícolas y Pesqueros resultan ineficaces para proteger las IGs?

Question 17. Paragraph 3.255 establishes all the laws that regulate the protection of geographical indications, and among them it stands out that "... the Law on Prevention of Unfair Competition and Protection of Trade Secret protects unregistered geographical indications when their protection under the Trademark Law or the Law on Quality Management of Agricultural and Fishery Products has become ineffective. " Could you expand information on this situation, in which cases the trademark law and the Law on Quality Management of Agricultural and Fishery Products are ineffective in protecting GIs?

ANSWER:

Protection of GIs become ineffective with regard to post management results. The Law on Prevention of Unfair Competition and Protection of Trade Secret does not directly protect GIs, but prohibits erred references. Thus, there are no enrightments of exclusive use such as patents, but only indirectly protects GIs by prohibiting wrongful uses of GIs.

A GI which has been decided to be protected under the FTA signed by Korea means that it is protected under the Unfair Competition Prevention Act, even if it is not a "registered GI" under the Trademark Act or the Agricultural and Fishery Products Quality Management Act.

The Agricultural and Fishery Products Quality Control Act protects a geographical indication of agricultural products, only when the products are both produced and processed in the relevant area subject to the geographical indication.

- Párrafo 3.257

Pregunta 18: ¿Podría indicar cuales son las medidas de "enforcement" que garantizan la protección de las Indicaciones geográficas bajo la Ley de Gestión de la Calidad de los Productos Agrícolas y Pesqueros?

Question 18: Could you indicate what are the "enforcement" measures that guarantee the protection of geographical indications under the Law on Quality Management of Agricultural and Fishery Products?

ANSWER:

Article 119 states that a person who wrongfully indicates GIs to a Agricultural or Fisheries product, which is not protected by GI, will be under imprisonment up to 3 years, or be fined up to KRW 30 million.

In order to maintain the quality of products and protect consumers, an appropriate public official may be required to conduct inspection duties such as collecting and examining the samples of products, according to the Agricultural and Fishery Products Quality Control Act. Any breaches can result in administrative dispositions (corrective measures, suspension of the indication, cancellation of registration, etc.) and be punished with imprisonment or a fine under the act.

Pregunta 19: De acuerdo al informe de la Secretaría de la OMC: "Las indicaciones geográficas extranjeras pueden registrarse de conformidad con los mismos procedimientos y criterios que rigen para las mercancías nacionales y están protegidas por diversas leyes; reciben la misma protección que las indicaciones geográficas nacionales registradas."

En virtud de ello, ¿Es posible registrar en Corea una Indicación Geográfica extranjera bajo el sistema previsto en la Ley de Marcas de Fábrica o de Comercio coreana?

Question 19(para 3.257)

According to the WTO Secretariat report: "Foreign geographical indications can be registered in accordance with the same procedures and criteria that apply to domestic goods and are protected by various laws; they receive the same protection as geographical indications. registered nationals." By virtue of this, is it possible to register a foreign Geographical Indication in Korea under the system provided in the Korean Trademark Law?

ANSWER:

Foreign GIs can also be protected as a trademark by being registered as a "collective mark with GI or certification mark" under the Trademark Act.

D. Notificaciones a la OMC

- Sección 4.1.2.3.

Pregunta 20: Tiene pensado Corea en el futuro realizar la notificación de los textos que acompañan a las notificaciones a la OMC, en alguno de los idiomas oficiales del organismo?

Question 20(Section 4.1.2.3)

Does Korea plan to notify the texts accompanying notifications to the WTO in any of the official languages of the body in the future?

ANSWER:

Among the official languages of the WTO, namely English, French and Spanish, Korea is notifying the texts in English.

II. INFORME DEL GOBIERNO (WT/TPR/G/414)

A. Política Económica

- Párrafo 3.2- Políticas para hacer frente a la pandemia de COVID-19

En el informe, Corea menciona las políticas económicas basada en tres pilares, que aplicó durante la pandemia del COVID-19 para poder hacer frente a la incertidumbre de la economía internacional.

Pregunta 21: ¿Podría indicar Corea cuáles son las medidas económicas que hoy siguen vigentes en el sector agrícola y si después de un año y medio de la pandemia del COVID-19 Corea tomará nuevas medidas económicas en el sector agrícola?

Question 21

Could Korea indicate which economic measures are still in force today in the agricultural sector and whether after a year and a half of the COVID-19 pandemic Korea will take new economic measures in the agricultural sector?

ANSWER:

In relation to COVID-19, Korea is taking measures focusing on the supply of agricultural labor and promotion of consumption. For example, the measures include: support for manpower in rural areas including labor brokerage and insurance premiums, promotion of consumption of environment-friendly agricultural products due to suspension of school meals as well as promotion of flower consumption which was weakened following limited gatherings and activities; and purchase of food and beverage for vulnerable groups who have poor access to food.

Further measures will be reviewed while observing the spread of COVID-19.

ARGENTINA – ADDITIONAL QUESTIONS

3 TRADE POLICIES AND PRACTICES, BY MEASURE

Section 3.2 explains that trade facilitation measures were introduced during the period under review, including certain initiatives to mitigate the damage caused by the COVID-19 pandemic. Regarding customs valuation, the Customs Administration introduced services to protect taxpayers' rights and strengthened cooperation systems against tax evasion. Rice imports continued to be subject to tariffs. Many tariff items remained subject to import licensing requirements, and certain prohibitions were maintained. During the period under review, the levels of initiation of anti-dumping investigations remained relatively stable. Price-based special safeguard provisions were applied under the WTO Agreement on Agriculture.

1. Korea describes that trade facilitation measures were introduced during the period under review, including certain initiatives to mitigate the damage caused by the COVID-19 pandemic; Could Korea elaborate on the trade facilitation measures that were introduced due to the pandemic and explain in detail what the effects of their application were?

[Answer]

KCS has been taking various measures to minimize the impact of COVID 19. First of all, KCS has been addressing businesses' clearance difficulties with a support center, operating a 24-hour clearance system for fast customs clearance and 24-hour issuance of certificates of origin, and extending the deadline of registration for post-application of proof of origin. With such measures, KCS has been providing fast customs clearance service, contributing to maintaining global supply chain despite the pandemic.

3.1 Measures that directly affect imports

3.1.1.1 Procedures

In 3.13 it says that in order to further facilitate trade, since August 2018, the KCS has launched several pilot projects that use blockchain technology to share logistics documents in real time (for example, certificates of origin and electronic commerce). In addition, in May 2021 the possibility of establishing a new UNI-PASS platform based on blockchain technology was being studied to reinforce data accuracy, process reliability, speed and efficiency.

2. Could you explain which were the pilot projects that Korea applied that used blockchain technology to share logistics documents in real time that were launched since 2018? Please describe what were the achievements obtained by joining each of them.

[Answer]

From 2018 to 2019, KCS did a blockchain pilot project on three areas: export clearance, exchanging certificates of origin, and e-commerce among nations. As a result, the e-commerce pilot project in 2018 was successful, and through advancement in 2019, a pilot project interconnected with UNI-PASS succeeded in 2020. The main advantage of this is that each participant's data was strictly sorted, since e-commerce is simple and digitized in comparison with ordinary trade. Through the pilot projects, we were able to verify blockchain technology as well.

3.1.1.2 Customs valuation

Point 3.22 of the report explains that between 2016 and 2020 KRW 172.2 billion were collected on undervalued imports, compared to KRW 99.4 billion in the period 2012-2015. The SIREN 2007 system, a KCS immediate alert system aimed at blocking undervalued imports of agricultural products, plants and fishery products, remains in effect. Based on the results, undervalued products are audited, while normal products are dispatched quickly. The SIREN system appears to have increased tax revenues and prevented the undervaluation of products.

3. Could Korea describe in detail what the SIREN 2007 system consists of? Please indicate in detail the concrete results obtained as a result of its incorporation.

[Answer]

KCS has established and is operating SIREN (early alarm system to detect undervaluation of a good) in collaboration with the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Oceans and Fisheries, and Korea Forest Service to inhibit customs undervaluation of agriculture and fisheries.

SIREN is systemized to buzz whenever an agricultural good lower than the set price (determined by the price based on collateral, and the rate set on SIREN based on the item's name and size) is declared by importers. Such declared goods are subject to customs investigation and to be investigated by customs officers. They will be investigated once a collateral compatible with the difference rate (between the reported price and the price based on collateral) is given. The number of agricultural goods subject to SIREN is 27, including garlic, onion, pepper, sesame and peanut, out of 118 agricultural goods, whose name and size have been recently standardized.

Investigating customs duty was difficult, as there are many factors that influence the price of agriculture and fisheries, such as type, region and time of production, size and quality. However, after launching SIREN, discovering undervalued declarations became fast and efficient.

3.1.3.1 MFN rate applied

In subsection 3.32, it is explained that given that they grant different and high levels of protection to certain industries, especially agriculture, tariffs distort competition by favoring some activities. The reduction of high tariffs (mainly the duties applied to agriculture outside the quota) would allow a better distribution of resources and increase national welfare, but the authorities do not share this view. According to the authorities, agricultural tariffs, including out-of-quota tariffs, are maintained in accordance with international and national laws, taking into account market conditions.

4. Does the Korean government plan to reduce the high tariffs registered in the agricultural sector? If the answer is positive, please indicate what those plans are in detail.

[Answer]

Korea's agricultural tariffs were decided through consultations with WTO members at the Uruguay Round negotiations in 1994.

Korea has signed 17 FTAs with 57 countries including agricultural products for market access.

In point 3.33 it is commented that more than 99% of the tariffs are applied as ad valorem duties and are therefore transparent. There are about 129 (130 in 2016) different rates (88 ad valorem and 41 alternative duties) of which about 39 ad valorem tariffs (ie excluding the ad valorem part of the alternative rates) are decimal rates; alternative duties apply to 0.7% of all tariff lines (88). Tariff rates continue to vary from zero to 887.4%. Almost 85% of rates are 10% or less, and rates of more than 30% apply to 3.4% of tariff lines. Korea's tariff regime could be streamlined, for example, by reducing the large number of different rates and eliminating decimal rates.

5. Could Korea provide information on whether it plans to rationalize its tariff regime by reducing the large number of different rates and eliminating decimal rates? If the answer is positive, please indicate the schedule and the details of the plan for this purpose. If no, please indicate the reasons why Korea does not plan to undertake such a rationalization.

In section 3.34 of the report it is commented that alternative duties are also applied to 43 agricultural tariff lines as out-of-quota duties; its ad valorem components consist of very high minimum rates, reaching 566.8% for pine nuts, 611.5% for jujubes and 630% for sesame seeds.

[Answer]

Korea has been improving overall tariff regime through the consideration of domestic conditions and the results of multilateral negotiations every year, and will continue to improve the related policies by respecting the results of ongoing FTA, RTA, WTO DDA and multilateral negotiations as well as the opinions of related organizations and interested parties.

6. Could Korea indicate if it plans to reduce these high tariffs? If the answer is yes, please indicate in detail the plan for this. If no, please indicate the reasons why Korea does not plan such tariffs.

[Answer]

Korea has been improving overall tariff regime through the consideration of domestic conditions and the results of multilateral negotiations every year, and will continue to improve the related policies by respecting the results of ongoing FTA, RTA, WTO DDA and multilateral negotiations as well as the opinions of related organizations and interested parties.

3.1.3.3 "Flexible" tariffs

3.38. The number of items covered by flexible tariffs decreased from 145 (at the HS 6-digit level) in 2016 to 184 in 2021. As indicated by the authorities when the previous review was conducted, the

fundamental principle regarding flexible tariffs is to keep its application to a minimum in accordance with what is established by law. The Government intends to gradually reduce or eliminate these tariffs in line with the tariff reduction resulting from the DDA and FTA negotiations.

7. Regarding Flexible Tariffs, Korea informs that it intends to gradually reduce or eliminate tariffs in line with the tariff reduction resulting from the DDA and FTA negotiations; Can Korea provide more precise information on when it will finalize the reduction or elimination of tariffs?

[Answer]

Korea has been improving overall tariff regime through the consideration of domestic conditions and the results of multilateral negotiations every year, and will continue to improve the related policies by respecting the results of ongoing FTA, RTA, WTO DDA and multilateral negotiations as well as the opinions of related organizations and interested parties.

Adjustment rights

Paragraph 3.39 explains that adjustment duties are intended to protect domestic industries against surges in imports and mitigate the impact of trade liberalization. They only affect MFN rates and are set annually by the MOEF in accordance with the request of the competent government authorities.

8. Could you explain in detail the criteria used to apply the adjustment rights? Could you indicate all the cases in which you have used them during the period under review?

In paragraph 3.40 it is mentioned that the alternative duties, in which case the applicable duties are the highest of the ad valorem duties or the specific duties, affect four 6-digit tariff lines in 2021. Several products subject to adjustment duties, like some fish and plywood items, they remain unbound; the adjustment rights for the four consolidated items are below the consolidated level. In 2017, the adjustment tariff applied to frozen saury was reduced from 28% to 26%, due to the increased demand for fish baits. In 2021, this tariff was adjusted to 24%, in response to the COVID-19 outbreak and the situation of the domestic and international market.

[Answer]

The authorities first receive applications from related ministries and industries, select the items in consideration of import prices and import volume trends, domestic prices and supply trends, and finally decide through revision of laws. Adjustment tariffs are announced in the official gazette or website and are implemented on January 1 every year.

9. Could Korea explain why various products subject to adjustment duties, such as some fish and plywood articles, have not been bound? Given that the consolidation of customs duties is an element that provides the first step of transparency in international trade relations, does Korea intend to consolidate such positions and thus provide a minimum degree of certainty to the commercial operations of products whose tariffs have not been consolidated?

[Answer]

According to the order of application of tariff stipulated in the Customs Act, if the adjustment duty is higher than the WTO concession duty, the concession duty is applied and adjustment tariff cannot exceed 100%, so there is no issue even if some products subject to adjustment duties have not been bound.

3.1.3.6 Tariff rates "based on use"

In paragraph 3.48 of the report it is explained that imported inputs that are destined for certain uses may be exempted from customs duties under the regime of tariff rates "based on use" (Article 83 of the Customs Law). Korea continues to use "use-based" tariffs, autonomous TRQs, and input duty concessions as part of the country's industrial policy to encourage some manufacturing activities (sections 3.1.3.5 and 3.3.1) . Since 2012, "use-based" tariff rates have been applied to inputs for activities such as planting, feed production and semiconductor manufacturing. No further information could be obtained from the authorities on this policy instrument.

10. Could Korea provide more information on in which cases this instrument has been used? Could you provide a report on the economic impact of its application on industrial activity?

[Answer]

There is not any report on economic impact of its application. If an importer wishes to apply usage tariff, she or he should submit an application for usage tariff rate to the Korean Customs office for

approval at the time of import declaration. The application should include the information of usage, description, size, etc. of the goods.

3.1.5.3 Licenses

Subsection 3.63 explains that the application of the Korean import approval and authorization regime is the responsibility of 15 ministries or agencies, compared to 13 in 2016; This increase is due to the reorganization and restructuring of some agencies. As stated by the authorities when the above review was conducted, import license applications are examined and verified in a "fair" manner.

Question 11. Could Korea explain what it means by "fairly"? Could you indicate the reasons why the number of public bodies in charge of imports has increased to 15 ministries?

[Answer]

Import approval or authorization is fairly implemented in accordance with the export and import certification requirements stipulated in 64 separate laws of 15 ministries. Regarding the reasons of the number of concerned public bodies, please refer to paragraph 3.63 in the Secretariat Report.

ARGENTINA – REVISED ANSWERS

C. Indicaciones geográficas

- Párrafo 3.256

Teniendo en cuenta que el Acuerdo ADPIC contempla la protección de IGs homónimas en el artículo 23.3.

Pregunta 11. ¿Cuáles son los procedimientos y criterios que se establecen para el registro de IGs extranjeras? ¿Qué costo tiene el registro? ¿Existe intervención del país que reconoce la IG o queda sólo a cargo de los productores el registro? Tiene Corea más de un sistema de protección de las indicaciones geográficas? ¿Podría indicar Corea de que depende que las IGs se registren como marcas o bajo un sistema sui generis? ¿Podría especificar claramente las diferencias entre uno y otro sistema en cuanto a: el cumplimiento de la definición de IGs del artículo 22 de TRIPS, la excepción de protección cuando existen marcas previas, la excepción del genérico, las variedades vegetales, los nombres comerciales en el curso de operaciones comerciales. ¿Podría indicar además si el plazo de protección es el mismo bajo ambos sistemas? ¿Podría indicar cuales son los causales de caducidad o suspensión de la protección a una IGs bajo ambos sistemas?

Question 11. (para 3.256)

What are the procedures and criteria established for the registration of foreign GIs? How much does the registration cost? Is there an intervention by the country that recognizes the GI or is the registration only left to the producers? Does Korea have more than one GI protection system? Could Korea indicate that it depends on GIs being registered as trademarks or under a sui generis system? Could you clearly specify the differences between one system and the other in terms of: compliance with the definition of GIs in article 22 of TRIPS, the protection exception when there are previous trademarks, the generic exception, plant varieties, trade names in the course of business operations. Could you also indicate if the term of protection is the same under both systems? Could you indicate what are the reasons for the expiration or suspension of protection to a GI under both systems?

ANSWER:

In order to register a foreign GI in Korea, you can apply separately as a collective mark with GI, and the detailed criteria for the registration of a collective mark with GI is shown in the Trademark Examination Guidelines. The basic application fee is 72,000 won (about 60 US dollars) and registration is 211,000 won (about 180 US dollars) for a collective mark with GI (trademark). But if you submit the application as an electronic document and designate a product using the product name of the Nice Classification, you will receive a discount. In order to register the collective mark with GI, you must undergo a trademark examination by the government (Korean Intellectual Property Office). Korea protects GIs under three systems, Collective mark with GI, GI of the Agricultural and Fishery Product Quality Control Act, GI protected under FTAs. They are respectively protected against unauthorized use by others under the Trademark Act, the Agricultural and Fishery Product Quality Control Act, and the Law on Prevention of Unfair Competition and Protection of Trade Secret. And, they are protected against registration by others under the Trademark Act. Collective mark with GI, GI of the Agricultural and Fishery Product Quality Control Act and GI protected under FTAs all comply with the definition of GIs in Article 22 of TRIPS. The term of

protection of a collective mark with GI is 10 years, which can be renewed. The terms of protection of other GI systems are indefinite. A collective mark with GI expires if it is not renewed after the term of protection (10 years). Rights are not suspended in case of GIs

Question 12 (para 3.256): Korea's Agreement with the EU protects EU geographical indications under a sui generis system. Could you indicate whether this level of protection is open to the protection of geographical indications from third countries?

ANSWER:

The Unfair Competition Prevention Act where the regulation for the protection of GIs under the Korea-EU FTA is reflected applies equally to the GIs protected by every multilateral and bilateral FTA.

Question 15 (3.258)

What happens in the case of trademarks registered in the country of origin, prior to the registration of a GI, which contains geographical indications for wines or spirits originating from any WTO Member?

ANSWER:

Any trademark intended to be used on wine or distilled beverages, which consists of a geographical indication of the place of production of wine or distilled beverages or contains such geographical indication in a member of the World Trade Organization: Provided, That where a legitimate user of the geographical indication applies for registration of a collective mark with geographical indication under Article 36 (5) by designating the relevant goods as the designated goods, he or she may obtain trademark registration (Trademark Act 34(1)(xvi)).

- Párrafo 3.255

Pregunta 16. ¿Podría indicar de qué depende que una Indicación Geográfica se proteja a través de la ley de marcas o de la Ley de Gestión de la Calidad de los Productos Agrícolas y Pesqueros? ¿Podría especificar cuáles son las diferencias en cuanto a los niveles de protección bajo ambas leyes?

Question 16. (para 3.255)

Could you indicate what depends on whether a Geographical Indication is protected through the trademark law or the Law on the Quality Management of Agricultural and Fishery Products? Could you specify what are the differences in terms of the levels of protection under both laws?

ANSWER:

According to the Agricultural and Fishery Products Quality Control Act, the registration of geographical indications requires agricultural products to be both produced and processed in the relevant area subject to the geographical indication. Whereas, in regard to the collective mark with geographical indication under the Trademark Act, it can be registered when satisfying either of two requirements.

In accordance with the two Acts, a person who registered a geographical indication has an exclusive right to use it, and civil and criminal remedies applied to the infringement on his/her rights are the same. For geographical indications, a product bearing a geographical indication can have indication labels on its surface. On the other hand, collective marks with geographical indications have no labels and may be renewed every ten years.

	Collective mark with GI	GI of the Agricultural and Fishery Product Quality Control Act
Subject of application	Including Foreign GIs	Only domestic GIs
Nature	Indication of the place of origin	Quality certification
Geographical requirement	Goods produced, manufactured, or processed in the specific area (The Trademark Act 2(1)(vi))	Goods produced, manufactured, and processed in the specific area (The Agricultural and Fishery Product Quality Control Act 2(1)(viii))
Level of protection	Civil and criminal liability (The Trademark Act 107, 109, 230)	Civil liability (The Agricultural and Fishery Product Quality Control Act 36, 37)

Pregunta 17. El párrafo 3.255 establece todas las leyes que regulan la protección de las indicaciones geográficas, y entre ellas destaca que "...la Ley de Prevención de la Competencia Desleal y Protección del Secreto Comercial protege las indicaciones geográficas no registradas cuando su protección en virtud de la Ley de Marcas de Fábrica o de Comercio o la Ley de Gestión de

la Calidad de los Productos Agrícolas y Pesqueros se ha vuelto ineficaz." ¿Podría ampliar información sobre esta situación, en qué casos la ley de marcas de fábrica y de Comercio y la Ley de Gestión de la Calidad de los Productos Agrícolas y Pesqueros resultan ineficaces para proteger las IGs?

Question 17. Paragraph 3.255 establishes all the laws that regulate the protection of geographical indications, and among them it stands out that "... the Law on Prevention of Unfair Competition and Protection of Trade Secret protects unregistered geographical indications when their protection under the Trademark Law or the Law on Quality Management of Agricultural and Fishery Products has become ineffective. " Could you expand information on this situation, in which cases the trademark law and the Law on Quality Management of Agricultural and Fishery Products are ineffective in protecting GIs?

ANSWER:

The Agricultural and Fishery Products Quality Control Act protects a geographical indication of agricultural products, only when the products are both produced and processed in the relevant area subject to the geographical indication. An unauthorized use of a GI protected under a FTA signed by Korea cannot be protected under the Trademark Act or the Agricultural and Fishery Products Quality Management Act, but can be protected under the Unfair Competition Prevention Act. Thus, there are no enrightments of exclusive use such as patents, but only indirectly protects GIs by prohibiting wrongful uses of GIs.

AUSTRALIA**Report by the Secretariat (WT/TPR/S/414)****3 Trade Policies and Practices by Measure****3.3 Measures Affecting Production and Trade****3.3.2 Standards and other technical requirements****3.3.2.3 Food, health related and other measures****Page 95, Paragraph 3.141**

Australia notes that legislative responsibility for food safety, quality and sanitary requirements is shared between the Ministry of Food and Drug Safety (MFDS) and Ministry of Agriculture, Food and Rural Affairs (MAFRA). Both ministries are often involved in negotiation of sanitary certificates with trading partners to support trade, and each Ministry undertakes separate regulatory functions such as foreign establishment audits.

Question 1

What actions does the Republic of Korea take to coordinate activities between relevant Ministries to avoid duplicative regulatory and/or administrative processes and costs for trading partners?

ANSWER:

MOTIE has been operating the "Trade Promotion Committee," which is a committee for collaboration in trade with relevant ministries and discussion on trade-related issues on a regular basis.

MAFRA operates its approval system for export establishments for quarantine inspection on animal diseases under the Act on the Prevention of Contagious Animal Diseases, while the Ministry of Food and Drug Safety (MFDS) administers a registration system to inspect sanitation and safety of livestock products pursuant to the Special Act on Imported Food Safety Control.

MAFRA and MFDS have different responsibilities but in some cases, with consideration of minimizing the burden on exporting countries, the two Ministries can conduct joint on-site inspection.

Question 2:

Is Korea considering undertaking joint regulatory functions between MAFRA and MFDS so, for example, a foreign food or livestock establishment would only be subject to one audit process (covering food safety and sanitary/quarantine issues) rather than two separate audit processes?

ANSWER:

The Ministry of Agriculture, Food and Rural Affairs (MAFRA) of Korea conducts quarantine inspection on animal diseases under the Act on the Prevention of Contagious Animal Diseases, while the Ministry of Food and Drug Safety (MFDS) is responsible for sanitation and safety of livestock products pursuant to the Special Act on Imported Food Safety Control. There are two separate inspection procedures put in place.

MAFRA and MFDS have different responsibilities but in some cases, considering to minimize the burden on exporting countries, the two Ministries can conduct joint on-site inspection.

Report by the Secretariat (WT/TPR/S/414)**3 Trade Policies and Practices by Measure****3.3 Measures Affecting Production and Trade****3.3.3 Sanitary and Phytosanitary Requirements****3.3.3.2 Quarantine Regulations****Page 105, Paragraph 3.174****Question 3**

Noting the adoption of single window e-document management system used for the efficient and secure exchange of customs certificates, what are Korea's plans for utilising the global e-Phyto Hub for the efficient exchange of phytosanitary certificates?*

ANSWER:

Korea has participated in global e-Phyto Hub pilot project of IPPC in 2017 and implemented a pilot project with the U.S. to exchange e-phytosanitary certificates in 2020.

Since May 2021, as Korea has secured compatibility with the U.S., it recently started commercialization with the U.S. It is also reviewing to gradually expand the partners for the exchange of e-phytosanitary certificates.

** Report by the Secretariat (WT/TPR/S/414)*

3 Trade Policies and Practices by Measure

3.1 Measures Directly Affecting Imports

3.1.1 Customs Procedures, Valuation and Requirements

3.1.1.1 Procedures

Page 55, Paragraph 3.7

Report by the Secretariat (WT/TPR/S/414)

3 Trade Policies and Practices by Measure

3.3 Measures Affecting Production and Trade

3.3.3 Sanitary and Phytosanitary Requirements

3.3.3.3 Transparency

Page 106, Paragraph 3.179

Australia welcomes Korea's ongoing use of SPS notifications to advise of new or revised sanitary and phytosanitary measures, and to provide trading partners an opportunity to comment. For a number of recent SPS notifications (including G/SPS/N/ROK/727, G/SPS/N/ROK/728, G/SPS/N/ROK/733, G/SPS/N/ROK/734) relating to changes to maximum residue limits, Australian notes that Korea has provided only limited periods (as little as 18 days) for comment.

Question 4

How will the Republic of Korea ensure that future notifications required by the Agreement on the Application of Sanitary and Phytosanitary Measures allow for a suitable comment period that helps trading partners respond, particularly where notifications include extensive technical detail?

[ANSWER]

As the positive list system (PLS) will be implemented from January 1, 2022, a default MRL of 0.01 mg/kg will be applied to pesticides and agricultural products for which permanent MRLs are not established. Therefore, Korea's recent SPS notifications were made to set permanent MRLs (higher than 0.01 mg/kg) for all foods including imported goods within this year and Korea unavoidably provided limited periods as the end of the year approaches. Korea will continue to provide enough time (60 days) for comment as it did for previous SPS notifications.

Report by the Secretariat (WT/TPR/S/414)

3 Trade Policies and Practices by Measure

3.3. Measures Affecting Production and Trade

3.3.6 Government Procurement

3.3.6.1 Legislation

Page 118 - 119, Paragraph 3.214

It is understood that since 2020 Korea has implemented a regime to ensure that innovative products account for 1% of the total goods purchased through government procurement.

Question 5

Could Korea please elaborate on the requirements of this regime, particularly the technical specifications used to identify innovative products.

ANSWER:

The Innovative Product designation is made among technologically developed products which have gone through the technical evaluation and on-site inspection based on technological levels, marketability and innovative properties of the concerned products.

Report by the Secretariat (WT/TPR/S/414)**3 Trade Policies and Practices by Measure****3.3. Measures Affecting Production and Trade****3.3.6 Government Procurement****3.3.6.1 Legislation****Page 119, Paragraph 3.216**

Changes have been made to Korea's 1995 Act on those Contracts Where the State Is a Party. These changes included amendments that entered into force on 20 March 2018 involving competition among tenders eligible for preferential purchase.

Question 6

Could Korea please elaborate on what the changes involved, and whether international suppliers will be eligible for preferential purchase conditions?

ANSWER:

The amendments that entered into force on 20 March 2018 contain the following provisions:

(3) Where there is competition among tenders eligible for preferential purchase prescribed in other Acts in offering a contract under paragraph (1), a counterparty to the contract shall be chosen in consideration of the purpose and scale of the contract, consideration for the socially disadvantaged, etc.

Regarding the new provisions, the Act on Contracts to which the State Is a Party does not treat international suppliers less favorably than domestic suppliers.

Report by the Secretariat (WT/TPR/S/414)**3 Trade Policies and Practices by Measure****3.3. Measures Affecting Production and Trade****3.3.6 Government Procurement****3.3.6.1 Legislation****Page 120, Paragraph 3.218**

The 2005 Act on Encouragement of Purchase of Green Products (known as the Law on the Promotion of Environmentally Friendly Products) requires government agencies and SOEs to purchase environmentally friendly products.

Question 7

Does Korea have any updated information on how environment-friendly products are defined under the 2005 Act on Encouragement of Purchase of Green Products? Could Korea share examples of technical specifications used to identify environment-friendly products under the Act?

**This question was previously raised at the 2016 Trade Policy Review Meeting, but Korea did not have the information available to respond at the time and noted that further updated information would be made available (page 14 of the 2016 Trade Review Meeting Minutes).*

[ANSWER]

In accordance with each subparagraph of Article 2-2 of the Green Product Purchase Promotion Act, eco-label certified products, so called environment-friendly products, (Article 17, Paragraphs 1 and 3 of the Environmental Technology and Environmental Industry Support Act), low-carbon products (Article 2, Item 9 of the Framework Act on Low Carbon, Green Growth), Good Recycled product (GR) products (Article 33 of the Resource Saving and Recycling Promotion Act, Article 15 of the Industrial Technology Innovation Promotion Act) are defined as green products. Among them, low-carbon products were newly included by the 2020 law amendment.

Here is a link that provide information about Eco-Label certification criteria on each of the product groups. <http://el.keiti.re.kr/enservice/enpage.do?mMenu=2&sMenu=1>.

Report by the Secretariat (WT/TPR/S/414)**4 Trade Policies by Sector****4.1 Agriculture and Livestock****4.1.2 Policy, Institutional and Regulatory Developments****Page 140, Paragraph 4.13**

Australia notes the Republic of Korea's self-sufficiency targets for a range of food and staples.

Question 8

Does Korea's definition of self-sufficiency include investments in offshore agricultural production for supply into Korea, of only agriculture products grown/raised in Korea?

ANSWER:

When calculating self-sufficiency under the Framework Act on Agriculture, Rural Community and Food Industry, domestic production only includes agricultural products grown and raised in Korea. For reference, self-sufficiency ratio is also defined as the percentage of food consumed that is produced domestically by FAO.

Question 9

Does Korea have policies to actively promote investment in offshore agricultural production to support self-sufficiency and food security policies? If so, what commodities/countries are identified as investment opportunities?

ANSWER:

Korea established an Act on Overseas Agriculture and Forest Resources Development and Cooperation in 2012 to support the development and cooperation for overseas agriculture. But Korea does not support a specific product or country. Korea supports loans for facilities and equipment of agricultural companies advancing into overseas countries, provides training programs to nurture experts in international agriculture, and shares information on overseas agricultural investment.

Report by the Secretariat (WT/TPR/S/414)**4 Trade Policies by Sector****4.1 Agriculture and Livestock****4.1.3 Key subsectors****4.1.3.2 Livestock – meat Pages 148-149, Paragraphs 4.56, 4.57 and 4.59, Chart 4.3 and Table 4.4**

The report states that per capita consumption of beef and veal has grown while domestic production has remained steady. The report also states that, based on 2019 UN Comtrade data, 59.9% of beef imports come from the United States and 35.5% of beef imports come from Australia. Australia notes that the equivalent figures for 2016 were that 46.2% of beef imports came from the United States and that 47.6% of beef imports came from Australia. Table 4.4 shows that the MFN tariff on beef is 40% and that there is a large disparity in the applied duties on beef between the United States and Australia under the KORUS FTA and the Korea-Australia FTA respectively. Table 4.4 also notes that there is an agricultural safeguard for beef in the KORUS FTA and the Korea-Australia FTA. However, the table does not disclose the respective volumes of beef permitted under the KORUS FTA and the Korea-Australia FTA before safeguard duties can be triggered. Nor does the table disclose that the agricultural safeguard for beef under the Korea-Australia FTA has been applied by the Republic of Korea in each year of the operation of the Korea-Australia FTA, while the agricultural safeguard for beef under the KORUS FTA has never been triggered. Finally, Australia notes that the report states that the domestic price of beef and veal was 1.4 times world levels in 2018.

Question 10

To what extent does the Republic of Korea consider that the MFN tariff on beef, the applied duties on beef under the KORUS FTA and the Korea-Australia FTA, and the annual application of the agricultural safeguard for beef under the Korea-Australia FTA, act to support the domestic production of beef in the Republic of Korea?

ANSWER:

Through the MFN tariff and FTA applied tariff rate, Korea has opened its market to bilateral and multilateral partners. Moreover, the ASG is a system to impose additional tariff rate when the import volume of applied products exceeds a certain level.

After the KOR-AUS FTA came into effect in December 2014, the production volume of Korean beef has decreased from 261,000 tons in 2014 to 245,000 tons in 2019, and it is presumed that the degree of the fall in production was alleviated due to the ASG.

Question 11

Has the Republic of Korea undertaken any studies or reviews to assess the extent to which its import tariff arrangements for beef support the domestic production of beef in the Republic of Korea? If so, what did they conclude?

ANSWER:

There has been no studies or reviews in that regard since the tariff rate for beef has fixed upon the UR.

According to the Korea Rural Economic Institute regarding the evaluation on KOR-AUS FTA Implementation issued in April 2021, compared to the scenario where the FTA is not implemented, it is analysed that the beef production has decreased by 5-year average of KRW 12.2 billion.

Question 12

To what extent does the Republic of Korea consider that the MFN tariff on beef, the disparity between the applied duties on beef under the KORUS FTA and the Korea-Australia FTA respectively, and the annual application of the agricultural safeguard for beef under the Korea-Australia FTA, are adversely affecting competition in the imported beef market?

ANSWER:

It is inevitable that some of the FTA benefits at a national level are offset by import substitution. Part of the increase in imports of Australian beef has reduced imports of beef from other countries such as the United States and New Zealand.

As the ASG measures from the KOR-AUS FTA prevent rapid increase in import volume, the ASG might be presumed to decrease the degree of the fall in the import volume from other countries than Australia.

Question 13

Has the Republic of Korea undertaken any studies or reviews to assess the effects of its import tariff arrangements for beef on competition in the imported beef market? If so, what did they conclude?

ANSWER:

According to report of Korea Rural Economic Institute regarding the evaluation on KOR-AUS FTA Implementation issued in April 2021, the impact assessment of KOR-AUS FTA implementation was conducted.

Following the KOR-AUS FTA coming into effect, compared to the scenario where the KOR-AUS FTA is not introduced, the import volume of American beef has decreased by five-year average of 3,453 tons.

Question 14

Does the Republic of Korea consider that better outcomes for consumers, including with respect to the price of imported beef and the current and future availability of imported beef, could be achieved through revised import tariff arrangements?

ANSWER:

Currently, beef is imported at a tariff lower than the MFN tariff through several FTAs.

Due to lower tariff rates from the FTA, the imported beef market has been expanded and consumers have more options than before.

Report by the Secretariat (WT/TPR/S/414)**4 Trade Policies by Sector****4.5 Services****4.5.3 Financial Services Page 169, Paragraph 4.165**

The Secretariat's Report states that during the review period, more foreign financial companies left than entered the Korean market. The Report also indicates that the market share of foreign financial institutions has declined since the last review. This withdrawal of foreign firms is despite strong growth in the sector over the period, reported to be 9.1 per cent in 2020.

Question 15

Are authorities concerned by the decline in foreign participation in the financial sector, including any implications for competition in the sector?

ANSWER:

Due to the low interest rate, economic contraction caused by Covid19 pandemic and development of non-face-to-face business in the financial sector, the withdrawal of off-line branches is a global trend.

Korea is pursuing policies regarding stabilizing financial markets and establishing an advanced financial order abiding by the principle of FTA, such as National Treatment and Most Favoured Treatment between local financial institutions and foreign ones.

Question 16

If so, are authorities considering measures to address those concerns?

ANSWER:

Due to the low interest rate, economic contraction caused by Covid19 pandemic and development of non-face-to-face business in the financial sector, the withdrawal of off-line branches is a global trend.

Korea is pursuing policies regarding stabilizing financial markets and establishing an advanced financial order abiding by the principle of FTA, such as National Treatment and Most Favoured Treatment between local financial institutions and foreign ones.

Report by the Secretariat (WT/TPR/S/414)**1 Economic Environment****1.1 Main Features of the Economy****Pages 15-17, Paragraphs 1.1 and 1.2****Report by the Secretariat (WT/TPR/S/414)****4 Trade Policies by Sector****4.5 Services****4.5.3 Financial services****4.5.3.1 Banking****4.5.3.1.3 Non-banking****Page 173, Paragraph 4.189**

The report states that the Republic of Korea has a rapidly ageing population, that the old-age dependency ratio will be the highest of OECD Member States by 2060, and that the Republic of Korea has the worst old-age relative poverty rate in the OECD due to limited pension income and low incomes for many of those still working. The report also notes that the asset management sector comprises both public and private funds markets and that the National Pension Service manages the world's third-largest pension fund.

Question 17

What measures is the Republic of Korea considering increasing the returns from the management of pension assets to increase pension income for its old-age citizens?

ANSWER:

To support for diversifying retire pension products and increasing return rate of them, the Supervision regulation of a retire pension has been amended and implemented since 2018 as below.

- For Determined Contribution(DB) and Individual Retirement Pension(IRP), TDF(Target Date Fund) can be included in asset of retirement pension up to 100%.
- For DB, Reits can be included in alternative investment asset.

Question 18

What role does the Republic of Korea see for foreign funds managers and foreign financial institutions in the Republic of Korea's old-age pension system?

ANSWER:

The accumulated amount of individual pension exceeded 300 Trillion won and that of retire pension exceeded 200 trillion won as of 2020. As its market volume has been continuously increased, we hope foreign funds manager and financial institution participate in the market actively.

Report by the Republic of Korea (WT/TPR/G/414)**3 Economic Policy****3.3 Sectoral Policies****3.3.2 Manufacturing: Becoming a Strong Industrial Powerhouse****Page 7, Paragraph 3.16**

The report also states the Korean Government has placed its focus on regulatory improvements, standardisation, and industrial reorganisation to advance Korea's industrial ecosystem and promote innovation in the manufacturing sector. Through its Modern Manufacturing Strategy, Australia is pursuing regulatory improvements and digital opportunities, and is interested in Korea's experience in its pursuit of the same.

Question 19

Can Korea share any information about its experiences relating to the pursuit of advances in Korea's industrial ecosystem and the promotion of innovation in the manufacturing sectors and share any lessons learned from this approach?

ANSWER:

Korean Government announced 'Manufacturing Renaissance Vision and Strategy' in June, 2019 and declared ambitious goal to be the renowned major manufacturing powerhouse. The Strategy contains policies with respect to structural innovation of industry, growth of emerging new industries, and establishment of industrial ecosystem. To promote innovation, Korean government implemented policies such as building smart industrial complex and promoting companies to manufacture eco-friendly commodities. To grow emerging industries including semiconductor industry, future mobility industry and bio-tech industry, the government implemented standardization policies and set incentives for private companies to enhance their investment with regard to emerging industries. To establish ecosystem, Korean government enhanced educational opportunities for both workers and students, while promoting challenging R&D. It seems that Korea has successfully built strong manufacturing base with those policies, and it led Korea to provide qualified stable jobs for workers and good foundation for production, which worked as a strong engine for Korea to perform better than other countries under the COVID-19 crisis.

Report by the Republic of Korea (WT/TPR/G/414)**3 Economic Policy****3.3 Sectoral Policies****3.3.2 Manufacturing: Becoming a Strong Industrial Powerhouse****Page 7, Paragraph 3.17**

The report states that to develop new services, enhance quality, and strengthen safety in the era of the 4th industrial revolution, Korea is making continued efforts to build necessary standards for different sectors, such as electric and autonomous vehicles, energy (hydrogen) and non-memory semiconductors. Korea is also planning to propose 300 international standards by 2023. Through its Supply Chain Resilience Initiative, Australia is working with industry to better understand semiconductor supply chain vulnerabilities and potential mitigations.

Question 20

Can Korea share its experience with building standards for semiconductors and how they see this contributing to the resilience of semiconductor supply chains?

ANSWER:

Korea has mainly developed standards on semiconductors through standardization activities in IEC TC 47(Semiconductor Devices). Therefore, if Australian experts participate in the committee, we believe that practical experiences can be exchanged between the two countries by the experts. In addition, we understand that the resilience of semiconductor supply chains is closely related to the quantity of the semiconductor rather than standards we develops. In this regard, we determine that the issue on the resilience of semiconductor supply chain needs to consider the aspect of the manufacturing capability.

Question 21

Australia is also interested in understanding Korea's experience building standards for hydrogen, and how that is driving innovation in manufacturing in that area. Can Korea share more information about this?

ANSWER:

Korea has accumulated its rich experience and data by conducting various research and development projects for hydrogen vehicles and hydrogen fuel cells. Based on this, Korea has suggested 4 international standards, and is currently establishing/improving its national standards of performance and quality of hydrogen and fuel cell products. Going forward, Korea hopes to contribute to establishing international standards by sharing its hydrogen safety standards as references.

Question 22

What is Korea's appetite for international collaboration on clean energy and recycling, as well as critical mineral processing supply chain opportunities?

ANSWER:

As the demand for critical minerals for secondary batteries and permanent magnets is increasing due to carbon neutrality and energy transition in Korea, it is necessary to secure a stable supply chain for critical minerals.

In this regards, Korea is strengthening bilateral cooperation with major producers to secure overseas mineral resources.

Korea also has a willingness to cooperate internationally in renewable energy of various countries and can promote bilateral multilateral cooperation.

BRAZIL**PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT****II TRADE policy REVIEW: TRADE POLICIES BY SECTOR****Page 176 (Para 4.207)**

- The main legislation regulating the communications sector are the Telecommunications Business Act and its Enforcement Decree of 2021 (on registration requirements for telecommunication businesses and standards for mandatory wholesale services).

Question:

1. Which markets are defined as mandatory wholesale services and how are they chosen? Also, could Korea elaborate on the nature of the mandated standards?

[Answer]

Mobile telecommunication services (3G, LTE, 5G) provided by SKT, the No. 1 mobile telecommunication market operator, are designated as mandatory wholesale services. Article 38(2) of the Telecommunications Business Act and Article 39-7(1) of the Enforcement Decree of the same Act stipulate that each unit market should be determined in consideration of market size, number of users, and competitive conditions.

Page 177 (Para 4.212)

The MSIT determines and publicly notifies the scope of, and guidelines for, the conditions, procedures, methods, and calculations of interconnection charges.

Question:

2. Could Korea give more details on how interconnection charges are calculated?

[Answer]

The Korean government calculates the costs related to Interconnection accounting separately from the telecommunications or internet service provider's investment and operating expenses.

Question:

3. Is there a cost model in place with this objective? If so, on which methodology is it based on?

[Answer]

The Korean government calculates the Interconnection rates based on LRIC(;Long Run Incremental cost)effectiveness

Page 177 (Para 4.214)

In 2019, Korea rolled out a comprehensive strategy named 5G+, aimed at promoting a "5G ecosystem" where 5G is the underlying infrastructure connecting advanced devices and innovative services.

Question:

4. Considering its pioneer role on the implementation of 5G worldwide, could Korea elaborate on the strategies adopted and the subsequent results of its spectrum awarding process for 5G?

[Answer]

In April 19, the Korean government announced a "5G+ strategy" to realize pan-governmental innovative growth in line with the world's first commercialization of 5G. The main content is to implement the five core services of realistic content, smart factories, digital healthcare, smart factories, and smart cities on top of 5G infrastructure and foster 10 core industries such as network equipment, next-generation smartphones, and edge computing. In addition, this strategy includes investment in public leading project, expansion of private investment, creation of an industrial foundation, system maintenance, and promotion of overseas expansion support to build a 5G ecosystem.

After announcing the "5G+ Spectrum Plan" in December 2019, the following subsequent measures were implemented. In order to improve unlicensed technology to 5G level, the 6GHz band was first supplied as the next-generation Wi-Fi frequency (October 2020), which contributes to fostering 5G+ industries such as smart cities, and regulatory improvement for other types of unlicensed technology (e.g. IoT, sensing) is under way. In addition, the Korean government introduced a frequency band

maintenance evaluation and forecasting system that notifies users of the maintenance time and expected measures in advance, and established a clearing house system in charge of recovery and relocation and joint use. The future plan is to secure 1,870 MHz bandwidth by the end of 2021 and additional 770 MHz bandwidth by 2026.

II TRADE policy regime: framework and objectives

Page 176 (Para 4.206)

4.206. The Korea Internet and Security Agency (KISA) specializes in promoting Internet and information security in the private sector. The National Information Society Agency (NIA) is responsible for the overall implementation and support of the informatization of the country. The National IT Industry Promotion Agency (NIPA) engages in a variety of initiatives to raise national competitiveness and secure growth engines for the future by promoting increased use of, *inter alia*, AI, virtual reality/augmented reality (VR/AR), 5G, and cloud computing in conventional industries. It also helps promising SMEs and start-ups expand into global markets.

Page 178 (Para 4.220)

4.220. In the ITU's Global Cybersecurity Index (GCI), Korea was ranked 15th in 2018 among 155 participants.⁸⁹ The Government considers cyberspace crucial to people's daily lives, economic activities, and the Government's operations. Interconnection across various information and communications devices, including the application of IoT and the borderless nature of cyberspace, makes cyberspace safety control complex. In 2019, the Government devised Korea's first National Cybersecurity Strategy, which elaborates on the roles and responsibilities of all members of society to create a national culture of security practice, with a view to enhancing the country's cyber-defence capacity.⁹⁰ The Government established the Private Sector Information Protection Comprehensive Plan 2019, to secure cyber-safety in the private sector and promote innovation in the information security industry. In addition, Korea promulgated privacy-related laws: the Act on Promotion of Information and Communication Network Utilization and Information Protection (most recently revised in June 2020) and the Personal Information Protection Act.

Question:

5. Can the Republic of Korea elaborate more on the security policies and regulations that KISA are responsible? Does the referred Agency is responsible for cybersecurity, data protection and other security related policies? Please specify which areas KISA is involved in, and if there are other Agencies that have a complementary role in that matter.

[Answer]

KISA is an affiliated organization of the Ministry of Science and ICT and takes its role and plays its responsibility based on related laws such as the Act on Promotion of Information and Communications Network Utilization and Information Protection, Electronic Signature Act, Internet Address Resources Act, and the Act on the Promotion of Information Security Industry. The duties of the KISA are specified in each subparagraph of Article 52 (KISA) (3) of the Act on Promotion of Information and Communication Network Utilization and Information Protection.

Question:

6. Can the Republic of Korea give more information regarding the National Cybersecurity Strategy, especially on the specific Agencies and Governmental Entities that have a role in that strategy and how they coordinate on cybersecurity policy and in dealing with cyberthreats?

[Answer]

Regarding national cyber security governance, in Korea, with the Blue House National Security Office taking central role, the Ministry of Science and ICT in the private sector, the National Intelligence Service in the public sector, and the Ministry of National Defence in the defence sector have established a response system for each sector in charge of cyber security. In 2019, the Blue House National Security Office announced the "National Cybersecurity Strategy" including cybersecurity strategies in the private sector, public sector, and defence sector.

Page 176 (Para 4.209)

4.209. Foreign investment in radio broadcasting and in over-the-air broadcasting is prohibited. Foreign equity restrictions (up to 49%, 20%, or 10%) apply to programme broadcasting services as defined under the Broadcasting Act⁸⁴, cable network providers, broadcasting via satellite and other broadcasting, wired communications and wireless and satellite communications, and other electronic communications (Table 2.1).

Question:

7. In the context of audiovisual content distribution, how are Over-the-top streaming products and services, either Video on demand or Linear TV, treated in the Republic of Korea's Regulatory Framework? Are those products and services licensed? If yes, which license apply.

[Answer]

Foreign investment prohibition and foreign equity restrictions according to the Broadcasting Act do not apply to Over-the-top streaming products and services, either Video on demand or Linear TV which are provided through information and telecommunications network. Otherwise, to provide those products and services, the business operators shall report thereon to the Minister of Science and ICT, as the value-added telecommunications business, under the Telecommunication Act 21(1).

Page 177 (Para 4.210)

4.210. Universal service covers the provision of any basic telecommunications service at a reasonable fee, regardless of time and place. Fixed broadband was designated as a universal service in 2020. All telecommunications business operators have the obligation to provide universal service, or compensate any loss caused by the provision of such service; the MSIT may exempt operators from this obligation. The authorities state that, by presidential decree, telecommunications business operators with an annual sale value from telecommunications services less than or equal to KRW 30 billion are exempted from this obligation. All value-added telecommunications business operators are also exempted.

Question:

8. Can the Republic of Korea elaborate more on the usage/application of the universal service fund? Which operators and/or projects are funded with this fund? Which is the process in place to allow for the application/usage of the fund?

[Answer]

The universal service in Korea consists of service rate reduction and service provision. In the case of rate reduction, the telecommunication business operators provide reduction at their own expenses for the vulnerable social groups. For service provision, the business operator designated by the government becomes a mandatory service provider, and the telecommunication business operators with annual sales exceeding KRW 30 billion share the loss caused by the service provider's universal service provision. The loss shares are calculated according to government regulations and are paid through direct transactions between operators.

Page 176 (Para 4.208)

4.208. The Telecommunications Business Act was most recently amended in 2020 (Act No. 17352). It classified telecommunications business into facilities-based and value-added operators.⁸³ Foreign investment in facilities-based telecom services is subject to a ceiling of 49%, while value-added telecom services are fully open to foreign investment. For facilities-based telecom services, foreign corporations from certain RTA partners and that passed the public interest review are not subject to this equity restriction. The MSIT may prohibit a foreign shareholder from becoming the largest individual shareholder (5% or more of shares) in KT.

Page 177 (Para 4.211)

4.211. The authorities state that facilities-based telecommunications business operators must report the terms of use (charges and conditions) of each telecommunications service it intends to provide to the MSIT. However, the terms of use reported by KT on an urban phone, and that of SK Telecom on a mobile phone, may be rejected within 15 days if the MSIT deems there is a risk of harming users' interests or fair competition. Telecommunication tariffs that do not require MSIT approval need to be notified to the MSIT.

Question for paras 4.208 and 4.211:Question:

9. Can the Republic of Korea give more information regarding its licensing framework? Can either facilities-based, value-added operators licenses or any other licenses incentivize the development of the supply on the telecom market of the Open-RAN model and the 5G standalone service architecture? If yes, how so.

[Answer]

Regarding the Korean licensing system, the registration system is applied to facility-based telecommunications businesses and the reporting system is applied to value-added telecommunications businesses. The registration system is carried out by the Ministry of Science and ICT issuing a registration card when the applicant for registration meets the registration requirements prescribed by law and applies for registration. In the case of the reporting system, it is operated as having effect of reporting when the reporter meets the reporting requirements prescribed by law and reports it to the Ministry of Science and ICT. Registration requirements and reporting requirements are stipulated in Articles 6 and 22 of the Telecommunications Business Act and Articles 8 and 29 of the Enforcement Decree of the same Act.

Page 178 (Para 4.218)

4.218. In December 2019, the MSIT announced a 5G+ Spectrum Plan, which incorporates three policy directions:

- Advance unlicensed technologies to the 5G performance level. Licensed frequency assignments are to be concentrated on strategic 5G+ industries including smart city, smart factory, autonomous vehicles, drones, and digital healthcare. The Government plans to release unlicensed frequencies to each strategic 5G+ industry and improve technology regulations to help advance unlicensed technologies (Wi-Fi, Internet of Things (IoT), sensing, etc.) to the 5G level of performance.
- Secure the world's widest 5G bands. The MSIT plans to secure additional spectrum, up to 2,640 MHz, which will increase spectrum availability from 2,680 MHz now to 5,320 MHz by 2026.
- Innovate spectrum management and systems, as well as institutional systems. The MSIT is to improve frequency supply approaches and management systems to respond to diversifying demand.

Question:

10. In the context of 5G, are there coverage obligations related to spectrum auctions in place or planned in the auction proceedings?

[Answer]

There are no specific auction plans for 5G frequencies yet.

Question:

11. Infrastructure sharing is critical for the deployment of service in certain areas. Given that, can the Republic of Korea supply additional information regarding spectrum sharing in their regulatory regime?

[Answer]

Korea shares frequencies within the scope of no interference through geographical separation in the regulatory framework, and is developing a Korean-style co-use technology, Korea-Frequency Control (KFC), to share frequencies in neighbouring regions in the future.

PART I: QUESTIONS REGARDING THE SECRETARIAT REPORTIII TRADE POLICIES AND PRACTICES BY MEASUREPage 73 (Paras 3.65 – 3.67)

3.65. According to Korea's last WTO notification on laws and regulations, the main legal framework governing contingency measures remained virtually unchanged since March 2011.⁷⁷ Contingency (trade remedy) measures remain authorized under the Customs Act (last amended in 2020) and the Act on the Investigation of Unfair International Trade Practices and Remedy Against Injury to Industry (2001) (last amended in 2017), and implemented under their Enforcement Decrees last amended in 2020 and 2016, respectively.⁷⁸ The revision of the Enforcement Decree of the Customs Act, in force as of 1 January 2021, involved the strengthening of the procedural interest protection of parties, supplementing the investigation procedure, and amending the industry injury investigation procedures.

3.66. Korea's RTAs haven specific trade remedies provisions. At the time of the previous Review, five of its RTAs contained a specific trade remedies chapter in which the parties' WTO rights and obligations on the application of safeguard, anti-dumping, and countervailing measures were preserved.⁷⁹ Certain provisions requiring clarification included: (i) the possibility of excluding imports of products covered under the relevant bilateral agreement from the application of safeguard measures⁸⁰; (ii) the provision of written notice of an application for anti-dumping measures⁸¹, or anti-dumping and countervailing measures, prior to the initiation of an investigation⁸²; (iii) the

possibility of holding a meeting or consultations prior to the initiation of an anti-dumping and countervailing measure investigation⁸³; (iv) the transmission of written information regarding procedures for requesting price undertakings and an obligation to duly consider or give reasonable consideration to undertakings proposed or requested by exporters⁸⁴; (v) the consideration of applications for anti-dumping measures with respect to goods on which anti-dumping measures have been terminated in the previous 12 months as a result of a review⁸⁵; (vi) the application of the de minimis dumping margin threshold set out in Article 5.8 of the Anti-Dumping Agreement in new shipper reviews⁸⁶; and (vii) the creation of a Committee on Trade Remedies, to be convened at least once a year, to oversee the trade remedies chapter of the relevant RTA and to discuss various other matters relating to trade remedies agreed by the parties.⁸⁷

3.67. The Korea Trade Commission (KTC), under MOTIE, administers the measures and investigates and determines whether imports are dumped or subsidized and whether they cause or threaten to cause injury to the domestic industry. KTC investigations under emergency safeguard provisions determine whether imports have caused or threatened to cause "serious" injury to the domestic industry. The decision on the imposition of anti-dumping and countervailing duties is taken by the MOEF.

Question:

12. In the context of Free Trade Agreements, has Korea ever applied bilateral safeguard measures or agricultural bilateral safeguard measures? If so, could the Korean delegation please provide us with a list of those measures, including the dates of imposition, the products subject to them and the countries against whose exports the measures were applied?

[Answer]

In the context of FTAs, Korea does not have applied any bilateral safeguard or agricultural bilateral safeguard measure.

Question:

13. Does Korea have, in its internal legislation, an established timeline for global safeguards investigations? If so, which is the period of investigation? Is it mandatory?

[Answer]

Pursuant to relevant legislation, the period of the global safeguards investigations shall be four months from the initiation, while it can be extended up to two months.

*Act on Investigation of Unfair International Trade Practices and Remedy against Injury to Industry, Article 16.

Question:

14. Has Korea ever applied global safeguards? If so, did Korea exclude FTA partners from the measures? If so, which were the exempted countries and upon which legal basis has the exclusion occurred?

[Answer]

The latest global safeguard measure by Korea has been applied in 2001. Including this case and other previous cases, there is no case in which Korea has excluded any FTA partners from a global safeguard measure. (The first FTA which was signed by Korea and entered in force is the Korea-Chile FTA in 2004.)

Question:

15. According to the Korean internal legislation, is it possible to open trade remedies investigations either "ex officio" by the investigating authority or upon other governmental bodies petitions? If so, could you please elaborate on how this would work, particularly regarding the data that has to be analysed by the investigating authority in order to take the decision to open the process or not?

[Answer]

Pursuant to relevant legislation, the KTC may initiate a SG ex officio or upon the request from the central governmental agency which covers the subject industrial sector. For the AD or SCM, the KTC may not initiate an investigation ex officio, but the central governmental agency which covers the subject industrial sector can request the initiation. However, there has been no cases regarding the SG investigation initiated by the KTC or upon the request from a central government agency, even

though the decision to open the process or not should be made under objective and due consideration of particular aspects of each individual case.

Page 105 (Paras 3.174 – 3.175)

3.174. Imports of plants and plant products must have a phytosanitary certificate issued by the competent authority in the exporting country. Imports of soil, plants with soil, and certain plants or vegetable materials are banned. Imports of rice in the husk, chaff, and rice straw from all origins, except Japan and Chinese Taipei, are prohibited for pest reasons. Plants for planting from countries with prohibited quarantine pests, such as Citrus huanglongbing (greening) disease and *Radopholus similis*, etc., are also prohibited or restricted.

3.175. Animal and animal products are subject to inspection and quarantine. Document and organoleptic inspections and laboratory testing, if necessary, are undertaken to verify that no contagious animal disease is brought into Korea and that no hazard is posed to public health. Korea bans the import of animals and their products from countries affected by exotic animal diseases, such as foot-and-mouth disease and African swine fever (ASF). Upon request of the exporting country, the import ban may be lifted depending on the outcome of import risk analysis. Imports from countries affected by highly pathogenic avian influenza (HPAI) are banned, but those of poultry meat that is heat-processed to inactivate the HPAI virus are allowed. Suspension of imports because of an ASF outbreak in several countries was also enforced during the review period. The comprehensive list of all HPAI-, ASF-, and bovine spongiform encephalopathy (BSE)-related import suspensions by product and origin is available on the APQA website (https://www.qia.go.kr/english/html/Animal_livestock/02AnimalLivestock_quar_ins_info_eng.jsp). Cheese imports must meet Korea's pasteurization requirements.²²

Question:

16. According to paragraph 3.174 and 3.175 of the Report by the Secretariat, imports of plants and plant products must have a phytosanitary certificate issued by the competent authority in the exporting country and animal and animal products are subject to inspection and quarantine. In Brazil's experience, some of these procedures take a long time to be undertaken. In this sense, could Korea please inform if there are plans to simplify the present approval procedures?

[Answer]

Import quarantine for plants and plant products is carried out in accordance with the domestic law (Plant Protection Act), and a certain amount of time is required to conduct quarantine process. Therefore, Korea does not consider to simplify the procedures.

The import permit of animal and livestock products is reviewed and determined upon request by an exporting country, in accordance with the domestic law (Act on the Prevention of Contagious Animal Diseases). The approval time may be reduced according to prompt provision of information by the exporting country, as well as the on-site inspection.

BRUNEI DARUSSALAM**Questions regarding Secretariat Report****2 TRADE AND INVESTMENT REGIMES****2.5 Trade Agreements and Arrangements****2.5.2.1 RCEP****Pg. 44**

2.54. The RCEP Agreement is to enter into force for those signatory States that have deposited their instrument of ratification, acceptance, or approval 60 days after the date on which at least six ASEAN signatories and three non-ASEAN signatories have deposited their instrument of ratification, acceptance, or approval with the Depository. Currently, Korea is examining the Agreement and its impact assessment. After that, the Agreement is to be submitted for presidential approval, and then for ratification at the National Assembly.

Question 1: Can the Republic of Korea provide details or elaborate on its examination and impact assessment, and provide updates on the status of its procedures for the ratification, acceptance, or approval of the RCEP Agreement?

ANSWER:

For the 20years after the EIF, Korea's GDP is expected to grow about 0.14% and consumer benefit will be expand around USD 1.2 billion.

Korea is on the final phase of domestic procedures for the ratification. We have submitted the request for ratification to the National Assembly on the first of October and expect to complete the process within this year.

4 TRADE AND INVESTMENT POLICY**4.4 Investment Policies****Pg. 13****Promoting foreign investment and enhancing the substantiality**

4.39. The Korean Government is making an effort to promote re-investment by foreign-capital invested companies, to encourage foreign investment in high value-added sectors and to advance infrastructure to induce investment.

4.40. On 4 February 2020, the Foreign Investment Promotion Act was amended to allow the recognition of investment of unappropriated retained earnings in the establishment or extension of plants as foreign investment, thereby promoting re-investment within Korea by foreign-capital invested companies.

4.41. In addition, to attract substantive foreign investment, the Government is taking into account, inter alia, the market competitiveness of the products by investors, their presence at home, and the possibility of attracting domestic investment.

Question 2: Can the Republic of Korea provide details on the high value add sectors identified for reinvestment by foreign-capital invested companies, and what benefits or inducements these companies are given? Does the Government have any statistics or data on the success of this programme thus far?

[ANSWER]

High-quality Investment projects are often characterized by high levels of job-creating effect (new employments planned), more value-added created(e.g. R&D investment, regional headquarter), or engagement of cutting-edge technologies,

For the re-investments of such areas, same incentives as new investments are provided.(e.g. taxation incentives, cash grants)

(Data: Since the policy change ('20.8.5.) until '21.9.30, total re-investments amount to KRW 731 billion, whereas approved (total*ratio of foreign shares of the firm) re-investments amount to KRW 668 bilion).

CANADA**Secretariat Report – Korea****SUMMARY****I ECONOMIC ENVIRONMENT****Page 15, paragraph 1.1**

The report indicates that Small and medium-sized enterprises (SMEs) continue to play a considerable role in the economy but are affected by higher labour costs, despite government aid and continuous widespread support to help them adjust, raise their competitiveness, and strengthen partnerships with large conglomerates.

Question1: How are SMEs defined for the purposes of statistical and policy analysis?

ANSWER:

According to the Framework Act on Small and Medium Enterprises, small and medium-sized enterprises (SMEs) must meet both the size and independence standards.

As for the size criteria, the total assets must be less than 500 billion won and the average sales over 3 years must meet the criteria for each major industry. Previously, the size criteria must meet the number of employees and capital amount by industry, but since 2015, a single criteria of the average sales over 3 years has been applied.

For example, reflecting the characteristics of the detailed manufacturing industry,

- 6 manufacturing business types including electrical equipment manufacturing: KRW 150 billion or less (USD 125 million)

- 12 manufacturing business types including food manufacturing: KRW 100 billion or less (USD 84 million)

- 6 manufacturing business types including manufacturing of medical, precision, optics and clocks and wholesale and retail businesses : KRW 80 billion won or less (USD 42 million)

For independence criteria, the total assets of the affiliated must be less than 500 billion won, the company must not belong to a corporate group subject to disclosure, and the average sales amount of the affiliate's (as much as the investment ratio) must meet the size standards for each industry.

Question2: Please provide any available statistics on the roles of SMEs in Korea's economy and participation in international trade, specifically: 1) percentage of businesses that are SMEs; 2) employment profiles of SMEs (e.g. percentage of total employment generated by SMEs); and 3) exports and imports by SMEs (e.g. percentage of all exports and imports for SMEs, total number of SMEs that are exporting and importing).

ANSWER:

(1) Korea SMEs make up around 99.9% of total number of enterprises, (As of 2018, SMEs were 6,638,694 vs large companies were 5,062)

(2) and account for 83.1% of employment across all industries. (As of 2018, SMEs employed 17,103,938, and large enterprises employed 5,062)

(3-1) Korea's total exports in 2020 amounted to USD 512.8 billion, of which SME exports were USD 100.8 billion, accounting for 19.7% of total exports.

* Exports and proportion by company size (cumulative in 2020, USD billion, %): Large enterprises 3,214 (62.7), middle-market enterprises 894 (17.6), SMEs 1,008 (19.7)

(3-2) As of 2020, the total number of exporting companies in Korea was 98,187, of which 94,934 were exporting SMEs, accounting for 96.7% of the total exporting companies.

* Number and proportion of exporting companies by company size (cumulative in 2020, number of companies, %): large enterprises 923 (1.0), middle-market enterprises 2,330 (2.4), SMEs 94,934 (96.7)

Question3: Does Korea collect statistics on SME ownership by diverse groups (e.g. women, youth, Indigenous peoples, etc.)? If so, please provide that information.

ANSWER:

According to the basic statistics of SMEs surveyed as of 2018, there are 2.66 million Women enterprises, accounting for 40% of the total SMEs, and the number of disabled enterprises is 95,000, accounting for 1.4%.

Question 4: Does Korea include provisions in its trade agreements that support SMEs in cross-border trade (e.g. cooperation, investment, etc.)? If so, please provide an overview of these provisions.

ANSWER:

RCEP, which was recently signed by the Government, has a chapter on SMEs. The chapter provides articles on sharing information and promoting cooperation between the Parties to enhance the ability of SMEs to enjoy the benefits of RCEP.

Question 5: What other types of barriers do Korean SMEs face when participating in international trade?

ANSWER:

Korean SMEs, like SMEs in other countries, face the barriers to participating in international trade as they lack information and experience for overseas market, and difficulties in manpower and financing.

Question 6: Do women and Indigenous peoples face unique barriers to participating in international trade?

ANSWER:

In South Korea, women's enterprises, disabled enterprises, and local SMEs are regarded as policy targets that should be taken care of by government policy. Similar to other SMEs in general, they feel the lack of information and experience in international trade as the biggest challenge.

Question 7: Does Korea conduct impact assessments for their FTAs and if so, what process or framework does Korea use?

ANSWER:

When the Parties agree on the text of the free trade agreement, the Government shall conduct an impact assessment of the free trade agreement, including the impact on national finances, domestic economy, industries, and employment. The Government may request the heads of relevant central administrative agencies or other relevant research institutes, including government-funded research institutes, to conduct an impact assessment.

Page 23, Paragraph 1.11

It is noted that the July 2020 Korean New Deal strategy is to develop new growth drivers in the post-pandemic world and increase inclusiveness.

Question 8: Can Korea provide details on the Korean New Deal and how the government is looking to increase inclusiveness in a post-pandemic world?

ANSWER:

The Korean New Deal consists of three pillars of the Digital New Deal, the Green New Deal and a strengthened safety net, and it was announced in the midst of overcoming the pandemic in July 2020 as a post-Covid-19 national development strategy.

The Digital New Deal aims to promote digital transition across economies including expansion of and convergence between 5G and AI technologies; the Green New Deal seeks a transition towards a low-carbon, green economy; and a strengthened safety net aims to increase inclusiveness by bolstering social safety net and establishing a future-oriented vocational training system to alleviate a widening wealth gap and unemployment.

Question 9: Will the intention to increase inclusiveness apply to Korea's trade policy priorities? If so, can Korea provide additional details on what this might look like?

ANSWER:

The inclusiveness of trade can be interpreted in several ways.

In the case of Korea, trade inclusivity is being promoted in the direction of creating a trade environment in which not only large-scale companies, but also small and medium-sized enterprises (SMEs) and individuals with the will or ability to trade can participate.

We provide overseas market information and marketing support so that SMEs can enter overseas markets smoothly, and we are promoting the establishment of an online infrastructure where anyone can easily participate in trade.

2 TRADE AND INVESTMENT REGIMES

Page 36, paragraph 2.1

It is noted that, in 2017, the Small and Medium Business Administration was reorganized and expanded into the Ministry of SMEs and Startups (MSS). Korea continued its efforts to improve transparency in public administration. Under the Five-year Plan for the Administration of State Affairs, launched in 2017, job creation is considered as the top economic policy priority. In 2019, a vision for an innovative and inclusive nation was announced. Regulatory reforms were conducted to reduce trade and investment barriers.

Question 10: Can Korea provide additional details on the mandate of the Ministry of SMEs and Startups, including what types of programs and services the Ministry is providing SMEs and Startups currently?

ANSWER:

The Ministry of SMEs and Startups(MSS) is a government organization whose objective is to strengthen competitiveness and support innovation of Small and Medium-sized Enterprises (SMEs) and Micro Enterprises (MEs). MSS's mission is to develop and implement government policies over the following three areas.

◦ Promoting Business Growth

We recognize that growth of Enterprises is directly related to national economy's growth. Thus, MSS implements various policies aimed at promoting the growth of Enterprises at all stages of development - from start-ups to SMEs, from SMEs to global enterprises or Hidden Champions. Nurturing/fostering Start ups and Venture Business, Supporting the growth of SMEs through Tech Innovation and Market development, developing Human Resource, Protecting and Strengthening resilience of Small Businesses and Traditional Market, Promoting Inclusive Growth and Local Business, Supporting the export and internationalization of SMEs, Removing Barriers and regulations, Improving Business Environment of SMEs

◦ Fostering Business Start-ups

Technology and knowledge-based start-ups can bring innovation and energy to the entire business ecosystem. For this purpose, MSS strives to foster new ideas to turn into new businesses.

Question 11: Does the Five-year Plan for the Administration of State Affairs give consideration to SMEs?

If so, can Korea provide additional information on some of the achievements to date under the Plan in regards to SMEs?

Does the Plan give consideration to women and Indigenous peoples?

ANSWER:

The Moon Jae-in government has established and is implementing a five-year plan for national tasks, and describe national strategy of "Startups and innovative growth led by SMEs and Startups" under the national goal of a "Economy that lives prosperous together".

The five national tasks related to SMEs and Startups are as follows: ① Win-win cooperation with large and small companies. that develop together, ② Strengthening the capabilities of small business and the self-employed, ③ Creating a start-up nation that supports innovation, ④ Establishing a strong growth environment for SMEs, and ⑤ Resolving the manpower shortage of SMEs by narrowing the wage gap between large and small companies.

Since its elevation to ministerial level, the Ministry of SMEs and Startups has been promoting the expansion of growth engines for SMEs and Startups and stabilization of management for SMEs based on "innovation and inclusiveness" as the main direction of economic policy.

Page 47, paragraph 2.68-2.76?

It is noted that in 2020, Korea tightened its FDI review mechanism for foreign investment where there is high possibility of leakage of core national technologies

Question 12: Could Korea explain the rationale that prompted this tightening, and explain what the perceived results of this policy change have been?

ANSWER:

Previously, policy measures to prevent the leakage of national core technologies were rather incomplete, thus there was a need for the complementation/elaboration of related policy measures to decrease uncertainties/risks for domestic and foreign enterprises and enhance national securities for core technologies.

As a result, the amendments of the Act on Prevention of Divulgence and Protection of Industrial Technology and Foreign Investment Promotion Act, thereby allowing the competent authorities to review the investment if needed.

As a result, there are preventive and ex post policy effects on the protection of leakage of core national technologies.

Page 47, paragraph 2.7.1

It is noted that Korea's institutional framework for FDI promotion includes a Foreign Investment Committee, which is in charge of policy coordination.

Question 13: What bodies have representation on the Foreign Investment Committee?

ANSWER:

The Minister of Trade, Industry and Energy shall be the Chairperson of the Foreign Investment Committee, and the following persons shall be its members:

1. The Vice Minister of Strategy and Finance, the Vice Minister of Education, the Vice Minister of Ministry of Science and ICT, the Vice Minister of Foreign Affairs, the Vice Minister of the Interior and Safety, the Vice Minister of Culture, Sport and Tourism, the Vice Minister of Agriculture, Food and Rural Affairs, the Vice Minister of Environment, the Vice Minister of Employment and Labor, the Vice Minister of Land, Infrastructure and Transport, the Vice Minister of Oceans and Fisheries, and the Vice Chairperson of the Financial Services Commission;

2. The vice president of NIS

3. The Vice Ministers, vice chairpersons, or deputy administrators of central administrative agencies related to the agendas submitted to the Foreign Investment Committee, the Vice Mayor of Seoul Special Metropolitan City, Mayors/Do Governors (excluding the Seoul Special Metropolitan City Mayor) and the president of the Korea Trade-Investment Promotion Agency.

3 TRADE POLICIES AND PRACTICES BY MEASURE**Page 54, Paragraph 3.1**

The Secretariat Report notes that Korea has bound rates on 90.7% of its tariff lines and has continued to use this gap between the average bound and applied MFN tariff rates to apply higher duties (e.g. adjustment duties) termed "flexible tariffs".

Question 14: Could Korea provide details on the criteria and mechanisms used to determine when and under what circumstances the applied tariffs are to be lowered/raised within the bound limits?

ANSWER:

Korea has the criteria and mechanism in the Customs Act which is priority order of tariff rate application. Tariff rates are applied in an orderly basis, which may increase or decrease the applied tariffs when laws and regulations are amended.

The first priority such as anti-dumping tariffs, countervailing tariffs, retaliatory tariffs, and emergency tariffs is applied preferentially with any condition regardless of more or less of tariff rates. In the second order, international cooperation tariffs such as WTO concession tariffs or FTA tariffs are considered.

In the third order, adjustment tariff, autonomous tariff and seasonal tariff are considered and in the fourth order, General Preferential tariff for LDCs are considered, and finally, basic tariff rate is considered to be applied.

In particular, international cooperation tariffs are applied only if they are lower than those applied later.

For example, if the adjustment tariff is higher than the international cooperation tariff, the adjustment tariff is not applied and international cooperation tariff such as the WTO concession tariff is applied.

In most cases, regulations and provisions related to tariff rate are revised in every January, but autonomous tariffs are revised throughout the year at the request of other authorities or stakeholders.

Page 55, paragraph 3.7

The report notes that, from March 2018, the KCS has operated a YES FTA Mobile Consulting Service through its FTA Portal (<https://www.customs.go.kr/engportal/main.do>), which in 2017 helped 1,092 businesses, to support SMEs that cannot afford to visit customs offices for consultation in utilizing FTAs; this service supported 385,833 businesses in 2020, and their exports to FTA partner countries decreased by 3.9% year-on-year.

Question 15: Does the KCS target SMEs owned and/or led by women, Indigenous peoples, youth or other underrepresented groups for this service?

ANSWER:

KCS provides various support for every SME to freely utilize Traders Support Center and FTA portal. KCS has recently begun online consultation via online platforms as well.

Page 73, paragraph 3.65

The report mentions that Korea revised its Enforcement Decree of the Customs Act to strengthen the procedural interest protection of parties and to amend the industry injury investigation procedures. This revision came into force on January 1, 2021.

Question 16: Could Korea please indicate when the revised Enforcement Decree of the Customs Act will be notified to the WTO committee on anti-dumping practices and the WTO committee on subsidies and countervailing measures?

ANSWER:

We will notify it within this year, including other revisions being prepared currently.

Page 74, paragraph 3.67:

The report notes that the Korea Trade Commission (KTC) is responsible for investigating whether imports are dumped and subsidized and whether they cause injury, whereas the decision to impose duties is taken by the MOEF.

Question 17 : Can you please elaborate on the respective powers of the KTC and MOEF as regards to recommendations on whether or not to apply duties and on the amount of duties? For example, if the KTC makes an affirmative determination, can MOEF decide not to impose duties, or can they increase or decrease the amount of duties?

ANSWER:

MOEF has the power of determination of imposing AD duties. When MOEF considers whether or not to apply duties and the amount of duties, we respect the opinions of the KTC as much as possible. However, if necessary, MOEF also reflects various factors, such as domestic market structure, price stability, etc.

Page 79, paragraph 3.86

Korean exporters continue to benefit from promotional activities of the state-owned Korea Trade and Investment Promotion Agency (KOTRA). With 127 (126 in 2016) Korea Business Centers (KBCs) in 84 countries, the agency operates a "business matchmaking" service introducing foreign importers to Korean businesses.¹¹⁵ KOTRA also organizes or assists with trade missions and exhibitions domestically and overseas, providing SMEs with export-related information and consulting services.

Question 18: Can Korea provide further details on the business missions and exhibitions held domestically and overseas? Are any of these activities specific to SMEs owned and/or led by women, Indigenous peoples, youth or other underrepresented groups?

ANSWER:

Korea organizes trade missions in collaboration with local governments and/or authorities to help SMEs enter overseas markets. About 150-200 trade missions are held per year and a mission consists of 10~15 SMEs in average. Korea also creates the opportunity for foreign companies to meet with industry-leading Korean companies at international exhibitions or major exhibitions in Korea. For example, the Korea Pavilion is organized at BIE-International Expositions like Dubai Expo 2020 to introduce Korea technology. Trade missions and exhibitions are open to all Korean SMEs, not being specific to a certain underrepresented group.

Question 19: Does Korea provide promotional activities to specific sectors? If so, can Korea provide some examples?

ANSWER:

Korea provides various overseas promotional opportunities to SMEs such as exhibitions for help SMEs establishing business partnership with global automobile manufacturers (Korea Autoparts Plaza), promoting activities for Korean culture and business with Korean celebrities (Korea Brand & Entertainment Expo), business platform in the consumer goods industry (Consumer Goods Showcase Korea), etc.

Page 83, paragraph 3.96

It is noted that the liquor tax on alcoholic beverages changed in 2021. However the taxation rate for takju (KRW 41,700 / kl (~CAD\$45)), a traditional Korean alcoholic beverage, remains significant less by volume than other alcoholic beverages (KRW 830,300 / kl (~CAD\$896)).

Question 20: Can Korea provide a rationale as to why takju is taxed at a significantly lower rate per volume, than other alcoholic beverages?

ANSWER:

In the case of takju and beer, the liquor tax system was changed from the ad valorem tax to the specific tax last year, but the level of taxation rate was similar to that of previous years.

Page 87, paragraph 3.114

State-owned financial institutions retain a major role in assisting Korea's industrial development. State intervention dominates the large venture capital market, which benefits mainly SMEs.

Question 21: Do any of Korea's lending or financing programs target SMEs or micro-enterprises owned and/or led by women, Indigenous peoples, youth or other underrepresented groups?

ANSWER:

MSS would like to inform you that MSS do not operate any programs that are many focused on the companies owned by women, indigenous peoples, youth and other minority group.

Page 88, paragraph 3.118

The report notes that the Korea Development Bank (KDB) provides industrial capital and loans targeted to SMEs, micro enterprises, and "industries of the future."

Question 22: Could Korea elaborate on how the KDB identifies "industries of the future" and what the target sectors are currently?

ANSWER:

Funding Instruments for Supporting Industries of the Future

Names of Funding Instruments	Types of Funding Provided	Target Companies and Use of Proceeds
Innovative Growth industry Support Program	Loan Investment	<ul style="list-style-type: none"> All Companies For financing capex, R&D, and workingCapital

Names of Funding Instruments	Types of Funding Provided	Target Companies and Use of Proceeds
Structure Acceleration Support Program Industrial	Loan Investment	<ul style="list-style-type: none"> SMEs and MEs For financing capex, R&D, and workingCapital
Start-up Support Program	Loan Investment	<ul style="list-style-type: none"> Start-upsand SMEs For financing capex, R&D, and workingCapital

- The KDB classifies industries of the future into nine macro themes such as advanced manufacturing and automation, renewable energy, and ICT, with a further breakdown of the themes into 300 specific categories. In 2020, the volume of funding provided to companies eligible under the nine thematic categories totalled KRW21.6trillion(Loan: KRW 21.1trillion, Fixed Income investment: KRW 0.3trillion, Stock investment: KRW 0.2trillion).

Nine Thematic Categories of Industries of the Future

Themes	#ofitems	Examples of items
State-of-the-art manufacturing and automation	31	Robot,SmartCar,3Dprinting
Chemicals and new materials	37	Carbonfiber
Energy	40	Clean/Renewableenergy, Energystorage
Environment and sustainability	30	SmartFarm
Health and diagnostics	40	Biosimilar
Information and communications	43	5gnetwork,BigData
Electrical and electronic	29	SystemSemiconductor
Sensor and measurement	23	ADAS,Lidar
Knowledge-based service	27	Game,MediaContents

Page 94, paragraph 3.134

It is noted that key policy goals in the inter-ministerial fourth National Standards Plan (2016-20) included the development of standards for new growth engine activities for improving people's daily life and the eradication of redundant certification systems.

Question 23: Could the Republic of Korea elaborate on how these redundant certification systems were identified? Which certification systems were identified as redundant? What steps were taken, or are planned, to eradicate these redundant certification systems?

ANSWER:

"Technical Regulatory Impact Assessment" is conducted on technical regulations that are newly established or strengthened by all Ministries and Government agencies.

This prevents the establishment of a redundant certification system by evaluating whether it overlaps with other existing technical regulation.

It is noted that the Korean Agency for Technology and Standards (KATS) implemented standardization strategies required for competitiveness in emerging industries and adaption to technological changes of the Fourth Industrial Revolution, and also undertook efforts for Korean Industrial Standards (KS) to be reflected in the fields of the Fourth Industrial Revolution.

Question 24: Can the Republic of Korea elaborate on the types of standardization strategies implemented and their results? What efforts were undertaken to reflect KS in the fields of the Fourth Industrial Revolution and what were the results of these efforts?

ANSWER:

KATS has undertaken efforts to connect the R&D(Research and Development) achievements in the fields of the Fourth Industrial Revolution to the standards.

Also, KATS contributes to promoting the international standardization in the fields of the Fourth Industrial Revolution by proposing the results as international standards of ISO, IEC, etc.

Page 101-106 Paragraph 3.163-3.179

The report notes the main legislation covering SPS measures, including legislation relating to sanitary and phytosanitary measures and the main sanitary and phytosanitary requirements and procedures.

Question 25: Does the Republic of Korea have any planned upcoming sanitary and phytosanitary regulatory initiatives not referenced in the TPR reports that will impact Canadian exports of agriculture, forestry, or aquatic products?

ANSWER:

In accordance with international standards, Korea is planning to require quarantine tests to imported amphibians. Details have been circulated to Members 23rd September.(G/SPS/N/KOR/737)

In addition, Korea does not consider introducing additional measures other than regulations included in the Report. Provided that, if a new pest or disease is found or a new infectious animal disease spreads in a new area, a new measure would be introduced accordingly.

Page 120, paragraph 3.218

Footnote 294 indicates the following:

Reportedly, the Act [on Facilitation of Purchase of Small and Medium Enterprise-manufactured Products and Support for Development of Their Markets] categorizes companies by size, with **multinationals frequently labelled as "large" (regardless of their actual size) simply by virtue of them being foreign-based or multinational**, while local companies get categorized as "small" or "medium." As such, "large" foreign companies are only able to bid on (the rare) projects larger than USD 220,000, while most local companies can bid on the majority of projects available. [emphasis added].

Question 26: Can Korea please clarify the company classification criteria it uses for determining small, medium, and large enterprises – particularly vis-à-vis foreign-based or multinational enterprises – for the purposes of the Act on Facilitation of Purchase of Small and Medium Enterprise-manufactured Products and Support for Development of Their Markets?

ANSWER:

The competition between large and small companies is uneven playing field when it comes to brand value, funds, manpower and all other resources. So the Korean government, like other countries has spared no effort to protect and foster SMEs, ensuring a fair competition. Even if a branch or subsidiary of a multinational corporation established in Korea is small at the individual entity level, it can be superior to the competition through the brand value or financial support of the multinational corporation.

This is the reason why the independence criteria is applied when MSS check that the company meet SME size standard, and accordingly, when reviewing whether the subject companies meet the upper limit of the size standard, which is total assets of 500 billion won (USD 420 million), it is applied by adding up the assets of the parent company of a multinational corporation and its Korean subsidiaries.

Page 122, paragraph 3.224

It is noted that the PPS handles procurement from SMEs and socially disadvantaged sectors, such as regional companies, women-owned businesses, businesses owned by persons with disabilities, and social enterprises.

Question 27: How does the PPS promote procurement opportunities for SMEs and socially disadvantaged groups?

ANSWER:

In order to protect SMEs and the socially disadvantaged, the government is applying a mandatory public purchase ratio of 5% for women companies and 1% for products from companies with disabilities for the central government, local governments, and public institutions.

Public procurement policies and measures to promote procurement opportunities for SMEs and socially disadvantaged groups are stated in the paragraphs 3.234 and 3.235.

In addition, the Public Procurement Service has established and operated malls dedicated to SMEs and socially disadvantaged groups (women-owned businesses, social enterprises and businesses

owned by persons with disability) at the KONEPS Online Shopping Mall so that public user entities can readily purchase their products at the malls.

Page 125, paragraph 3.234

It is noted that the government of the Republic of Korea has elaborated a national IP masterplan for 2017-2021, which sets the policy direction and strategic goals in order to provide advancement of the IP system and economic ripple effects.

Question 28: In addition to the total amount of IP-backed financing between 2016-2020 noted in the same paragraph, could the Republic of Korea provide additional details on other major outcomes of the national IP masterplan 2017-2021?

ANSWER:

The Korean government is expanding its policy on copyright and cultural content investment. In particular, since 2020, new venture investment funds have been established to invest intensively in the early stage of production and in marginalized genres. Korea's exports of cultural contents increased by 69.8% from USD 6 billion in 2016 to USD 10.19 billion in 2019, and copyright exports also increased by 93% from USD 5 billion in 2016 to USD 9.65 billion in 2019. Also, a MOU was signed among the Ministry of Culture, Sports and Tourism, Interpol and National Police Agency (30 Jan 2021) to respond to online copyright infringements, and cooperative projects is being carried forward to counter online copyright infringement.

Patent trend analysis results were provided during the planning stage of R&D projects to create superior patents. Compared to those without the patent trend analysis, the R&D project with this information achieved a 1.48 times higher patent transfer rate and 3.77 times higher royalties per technology transfer contract than those that did not.

A Special Judicial Police on trademarks was established and customs and border measures were strengthened which led to an increase in the detection of intellectual property infringement goods. Also, the intellectual property curriculum in universities was strengthened. In 2020, a total of 14 universities were designated as leading IP education universities and 27 high schools were designated as leading schools which would include intellectual property rights as a core subject.

Page 137, Paragraph 3.289

The report indicates that the "average time for handling cases rose from 204 to 237 days for revocations and from 137 to 286 days for civil appeals, whereas the cases in which at least one party was a foreigner dropped from 301 (2018) to 190 (2019)" [emphasis added].

Question 29: Can Korea provide any information on why the average time for handling some cases rose, while the average time for a case involving at least one foreigner dropped considerably by comparison?

ANSWER:

Paragraph 3.289 states that the average time for handling cases for revocations and civil appeals rose and that the "number of cases" in which at least one party was a foreigner dropped. The question may have misinterpreted the paragraph as to the "average time for handling cases" dropped. Thus the question needs to be revised or clarified.

Page 182, Paragraphs 4.240 – 4.242

Regarding international maritime transportation services, the report indicates that "sea water" transport is open to foreign investment.

Question 30: Is the only international maritime transport services that foreign registered vessels may engage in limited to goods and passenger transport between the Democratic People's Republic of Korea and the Republic of Korea, as minority joint-venture partners with a firm in the Republic of Korea?

ANSWER:

Yes.

Question 31: What is the maximum level of foreign ownership allowed in international maritime transport services company operating vessels registered in the Republic of Korea?

Korea's regulatory framework seems to contemplate foreign participation in domestic marine transport (i.e. cabotage).

ANSWER:

Regarding cabotage between North-South Korea, foreign ownership is allowed up to less than 50 %.

Question 32: What are the conditions that the MOF considers for allowing foreign vessels participate in domestic marine transport (cabotage) of goods or people?

ANSWER:

According to Article 6 of the Seafarers Act, when there are other legal grounds, when it is to be distressed from marine accidents or it is to avoid unintended capture, and when there is permission from the minister of MOF, it is allowed.

Page 182, Paragraph 4.244

The report notes that the various tax incentives apply to the marine transport sector, including a voluntary tonnage tax system.

Question 33: Are tax incentives available for Republic of Korea shippers that use Republic of Korea-registered vessels for transporting their goods to international destinations?

ANSWER:

Korean shipping companies can decide between TTS and normal corporation tax systems. The same goes to cases where they transport their goods overseas.

Page 182, Paragraphs 4.246 - 4.247

The report notes that ports are state-owned, but that certain Port Authorities, including Busan and Incheon may some have foreign ownership.

Question 34: How many port authorities are there and what level of foreign ownership is allowed, and under what conditions? Are the terminals at the state-owned ports privately owned and operated, or are they owned and operated by the state?

ANSWER:

There are four Port Authorities; Busan, Incheon, Yeosu, Ulsan. Port Authorities are funded by central/provincial governments, public organizations, and government-run banks. So far, there is no foreign investment (September 2021). Terminals could be privately owned and operated according to related laws, investment method, the terms and conditions of the contract etc.

Page 183, Paragraphs 4.253 - 4.255

The report makes reference to airline operators, but not air transport operators such as specialty air services.

Question 35: Are foreign operators allowed to engage in the cross-border supply of specialty air services (e.g. crop spraying, aerial mapping/surveying)?

ANSWER:

In the case of distribution of crops mentioned as a special aviation service supply, it is judged that it falls within the scope of the "aircraft use business" under the Aviation Business Act.

Anyone who intends to run an aircraft use business must register for the aircraft use business pursuant to Article 30 of the Aviation Business Act, and in this case, foreigners will be restricted from registering for the aircraft use business under Article 30 (3) of the Aviation Business Act.

Page 186, Paragraphs 4.266 Regarding transport of cargo by truck the report states that such transport is regulated by the Trucking Transport Business Act, and that permission [to operate trucking services?] does not vary depending on the nationality of the operator.

Question 36: Is foreign ownership of truck cargo companies allowed? If so, under what conditions?

ANSWER:

If you intend to run a business of transporting cargo for a fee using a freight car in Korea, you must obtain permission for the transportation business pursuant to Article 3 of the "Freight Vehicle

Transportation Business Act." There is no separate restriction on the nationality of the carrier. However, permission may be restricted if it falls under the grounds for disqualification under Article 4 of the same Act.

4 TRADE POLICIES BY SECTOR

Page 153, Table 4.7:

It is mentioned that Korea maintains support for management of overseas fisheries, particularly that "grants are provided to support distant-water fishermen, to ensure stable supply and demand of fisheries products."

Question 37: Can Korea please explain how this support aligns with the future development plan of the Ministry of Oceans and Fisheries (MOF) to ensure sustainable fisheries, mentioned on page 151 (para. 167)?

ANSWER:

The business mentioned is not included inside the future development plan.

Page 155, paragraph 4.81; page 158, Paragraph 4.100

The report notes that the 3rd Energy Master Plan supports an energy transition that includes considerations to strengthen the global competitiveness of the energy industry including by fostering renewables like hydrogen. The report also notes South Korea is the third largest importer of LNG globally.

Question 38: What potential role does South Korea see for its LNG imports, paired with carbon sequestration, in developing domestic hydrogen capacity?

ANSWER:

In order to realize a hydrogen economy, not only green hydrogen but also blue hydrogen are important. In this regard, Korea plans to produce a large amount of blue hydrogen by establishing hydrogen extraction and CCUS facilities around existing LNG receiving terminals or pipelines.

Page 157, paragraph 4.92

According to the Secretariat report, Korea continued the diversification of its crude oil supply, and surcharges on imported crude oil are partly returned if they are from non-Middle East countries.

Question 39: As South Korea continues to diversify its oil imports, will there be greater consideration for ESG standards and performance? Will South Korea demonstrate preference for oil producers with reliable ESG performance?

ANSWER:

Domestic refining companies, which are all private entities, are working on developing ESG performances on their own.

Page 157, paragraph 4.94; page 17, table 3.4; and, page 25, paragraph 1.15

The Secretariat report states that Korea National Oil Corp (KNOC) is an SOE that manages domestic and overseas oil exploration and development, export, import stockpiling, transportation, lease and sale of crude oil and its products. The report also notes that, despite Korea's commitment to privatization, there has been no progress in this area since the previous review (2016).

Question 40: When does South Korea intend to resume its privatization process? Does Korea expect a change in KNOC's activities abroad in this context?

ANSWER:

The Korean government continues to expand the private sector opening to the public sector and reduce the competing areas between public sector and private sector. Through this, public institutions improve management efficiency by concentrating on the key functions of the public sector and give private operators an opportunity to participate in public sector projects.

For example, in the case of Korea Gas Corporation, the direct import ratio of private LNG gas increased from 5.7% in 2015 to 22.4% in 2020 through efforts to promote direct import of private LNG gas. Also, in the case of Korea Electric Power Corporation (KEPCO), it is expanding the opening to private businesses by suspending the optical communication network construction project in 2017,

which is concerned about overlap with the private sector, and allowing private business operators for small-scale power brokerage business in 2021.

If additional privatization is necessary, the government can comprehensively review the quality of public services, public interests, and competition with the private sector and so on. The government can review this issue after collecting opinions from various stakeholders, including academic experts, and discussions with the National Assembly.

Page 158, Paragraph 4.103

Question 41. The report notes that on January 6, 2020, MOTIE approved a new pricing scheme for wholesale price for natural gas, and that KOGAS may offer individual tariffs to power generators.

Question: Under the new pricing scheme, what mechanisms does KOGAS have to keep its prices for local power utilities lower than those of overseas suppliers in the context of fluctuating LNG prices in the global market?

[ANSWER]

Individualized Gas Tariff system that KOGAS adopted is not to supply natural gas to power generation operators at lower prices than the price levels of its natural gas import contracts.

The newly introduced tariff system is intended to secure KOGAS' gas price competitiveness in the domestic market by matching each power plant operator with KOGAS' LNG import contracts with optimal terms and conditions for them respectively. With a lot of LNG procurement experience and knowhow, KOGAS can offer better and reasonably-priced deals for power plant operators through the system, instead of the inexperienced or novice power operators(including small and mid-sized power generators) buying natural gas directly from overseas LNG sellers

Page 160, paragraph 4.123

The Secretariat report states that, pursuant to the Act on Development, Use and Diffusion of New and Renewable Energy (Renewable Energy Act), MOTIE formulates basic national plans for the promotion of new and renewable energy every five years. MOTIE also oversees the regulations for renewable electricity generation, including the allocation of permits. The Korean Energy Agency (KEA) and the Korea New and Renewable Energy Center under it promote new and renewable energy by issuing renewable energy certificates (RECs) that serve as certified proof of renewable energy power generation.

Question 42: Can Korea provide further information as to how biomass energy from wood pellets will be regarded within the renewable energy certificate system going forward?

[ANSWER]

Wood pellets are subject to REC weights for electricity generated from biomass

Pages 180-181, Paragraph 4.233-4.236:

The report describes Korea's five-year plan for revitalizing the shipping industry and becoming a global powerhouse in shipping.

Question 43: As part of the five-year plan, are there financial incentives that directly support the production and/or sale of ships or containers? If so, can you please provide information as to the nature of these support measures and their eligibility criteria?

[ANSWER]

The Korean Ocean Business Corporation gives financial supports to shipping companies to promote transfer to eco-friendly, efficient vessels in accordance to the 5 year plan. KOBC also provides financial services for container box purchases. Financial programs are based on market level interests.

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3 ECONOMIC POLICY

Page 7, paragraph 3.19 and Secretariat Report: Page 160 – footnote 42

The report notes that, in December 2020, Korea established plans for the power industry and new and renewable energy sectors. For the power industry, the Korean Government adopted the "9th Master Plan for Power Supply and Demand," which includes forecasts for power supply and

demand for 2020-2034 alongside plans for demand management, power facilities, improvement of the power market system, and reduction of greenhouse gas emissions. According to the Secretariat report (S414), Korea removed waste and wood pellets from the definition of renewable energy since October 2019 (cf. footnote 42 p.160).

Question 44: Considering that biomass held 6.5% of renewable energy-generation capacity in 2019, what role will forest biomass play in the 9th Master Plan for Power Supply and Demand, now that waste and wood pellets have been removed from the definition of renewable energy?

[ANSWER]

Wood pellets were not excluded from the definition of renewable energy. And in the view of forest protective policy, government plans to expand the use of unused forest biomass.

Page 6, paragraph 3.5:

The report notes that the Korean government is pushing for a "Green New Deal" with the goal of achieving carbon neutrality by 2050. Key elements of the initiative include: laying the groundwork for carbon neutrality, realizing a green transition in urban, spatial, life infrastructure, promoting low-carbon energy and a distributed energy system, and building an ecosystem for innovation of the green industry.

Question 45: What specific trade policy measures would fall under the "groundwork for carbon neutrality"?

[ANSWER]

A detailed carbon-neutral action plan by 2050 has not been decided, therefore the specific trade policy measures have not been established as well. However, the policy direction for so-called green trade, which requires a balance between the value of the environment and the growth of trade scale, is expected to increase. In this respect, the Government would have a role to play in enhancing the capability of exporting SMEs and burgeoning SMEs to comply with procedures to achieve the carbon-neutral goal and use it as an new opportunity to expand their entry into the greener global market.

Question 46: Could Korea share tangible targets that would be included in its Green New Deal?

ANSWER:

The practical goal of Korea's Green New Deal is to become a leading green country that fulfills its responsibility for the international community by achieving a net-zero and accelerating its transition to a low-carbon, green economy in harmony with people, environment and growth. The sector-specific goals of the Green New Deal are as follows:

"Establishing the basis of carbon neutrality" is to provide a firm basis to implement carbon neutrality policy by 2050 in a continued, efficient manner."

"Green transition to urban, space, living and infrastructure" is to create a green-friendly daily lives of people so as to realize a future society where humans and nature coexist."

"Expanding a low-carbon, decentralized energy" is to prepare for a paradigm shift to future energy that spreads sustainable, renewable energy throughout the society."

"Establishing the innovation ecosystem of green industry" is to identify green industries that can respond to future climate change and environmental crisis, and create the basis of green innovation such as R&D."

Question 47: Could Korea elaborate on its objective of building an ecosystem for innovation of the green industry? What concrete steps would be taken towards this objective?

[ANSWER]

Strategies to foster the green industry ecosystem are currently being established, and plans to materialize them through the "Visions and Strategies for Industrial Transformation to Achieve Carbon Neutrality by 2050" at the end of the year.

Page 6, paragraph 3.7

In the agricultural sector, Korea newly adopted the "New Direct Payment Program", which also contributes to sustainability and multifunctionality of agriculture such as the conservation of the environment and rural landscape.

Question 48: Are farmers receiving payments through the "New Direct Payment Program" required to take measures related to forest conservation and sustainability?

ANSWER:

The New Direct Payment Program is in principle based on farmlands and does not impose responsibilities directly related to forest conservation.

For environmental protection and sustainability, the Program imposes responsibilities on farmers including the observation of maximum residual limits, safe use of pesticides, maintenance of functions and shapes of farmlands and observation of standards in the usage of chemical fertilizers.

4 TRADE AND INVESTMENT POLICY

Page 9, paragraph 4.9:

The report notes that Korea is making its utmost effort to provide improved access to trade related information for MSMEs and assistance for their digitalization under the declarations.

Question 49: With regard to SMEs and in particular, women-owned businesses, what is Korea doing to provide women and women MSMEs access to trade related information and assistance for their digitalization?

ANSWER:

MSS has established 15 support centers national wide in South Korea, to promote SME export and provide consulting services, and to guide various export support projects through an online integrated export support platform to support participating in international trade export and overseas advancement of Korean women enterprises.

MSS support digitalization and manufacturing innovation to lay foundation for innovative growth of SMEs and Startups, including women's enterprises, and related support programs are as follows:

- ① Promote the introduction of 30,000 smart factories by 2022 to support the digital transformation of SMEs. In the case of Women enterprises, 3 points of preferential treatment are awarded when evaluating an applications.
- ② Support for digitalization of MSMEs such as conversion into smart stores (100,000 by 2025) and digital traditional markets (500 by 2025)
- ③ Create a women-only venture investment fund to enhance competitiveness and promote growth of promising women enterprises.

Page 11, paragraph 4.24:

The report notes that Korea is also expected to help build trade capacity in developing countries in relation to the environment by announcing to provide a total of USD 300 million to the Green Climate Fund (GCF), which is located in Korea, and establishing a trust fund under the Global Green Growth Institute (GGGI) to strengthen capabilities to respond to climate change and provide assistance to reduce greenhouse gas emissions and adapt to changes in the climate.

Question 50: Could Korea provide more information on the modalities of the new trust fund to be created under the GGGI?

ANSWER:

① Global Green Growth Institute (GGGI) is planning to set up and operate the Korean Green New Deal Fund (KGNDP) to support development of climate change-related projects, such as for green energy, green transportation, green smart city, water management and hygiene and smart farming, in developing countries

② This fund will be used mainly to help developing countries build capacity against climate change (consulting on policy improvements, etc.) or develop climate projects (feasibility studies, consulting on technical assistance, etc.).

*Korea and the GGGI are working on a guideline and an agreement on the details of this trust fund and its operations.

CANADA – REVISED ANSWERS**Page 125, paragraph 3.234**

It is noted that the government of the Republic of Korea has elaborated a national IP masterplan for 2017-2021, which sets the policy direction and strategic goals in order to provide advancement of the IP system and economic ripple effects.

Question 28: In addition to the total amount of IP-backed financing between 2016-2020 noted in the same paragraph, could the Republic of Korea provide additional details on other major outcomes of the national IP masterplan 2017-2021?

[Answer]

Patent trend analysis results were provided during the planning stage of R&D projects to create superior patents.

A Special Judicial Police on trademarks was established and customs and border measures were strengthened which led to an increase in the detection of intellectual property infringement goods

Also, the intellectual property curriculum in universities was strengthened. In 2020, a total of 14 universities were designated as leading IP education universities and 27 high schools were designated as leading schools which would include intellectual property rights as a core subject.

Page 155, paragraph 4.81; page 158, Paragraph 4.100

The report notes that the 3rd Energy Master Plan supports an energy transition that includes considerations to strengthen the global competitiveness of the energy industry including by fostering renewables like hydrogen. The report also notes South Korea is the third largest importer of LNG globally.

Question 38: What potential role does South Korea see for its LNG imports, paired with carbon sequestration, in developing domestic hydrogen capacity?

ANSWER

In order to realize a hydrogen economy, not only green hydrogen but also blue hydrogen is important. In this regard, Korea plans to produce a large amount of blue hydrogen by establishing hydrogen extraction and CCUS facilities around existing LNG receiving terminals or pipelines.

In line with the global transition to a low-carbon economy and greenhouse gas reduction movements, there is an increasing demand and need for fostering renewable energy sectors such as hydrogen to replace fossil fuels especially in the transport, power generation, and industrial sectors. Accordingly, it is expected that some volume of LNG imports will be replaced with hydrogen energy. However, it will take a consider amount of time before achieving a full-fledged transition to the hydrogen economy, given the existing barriers such as establishing renewables infrastructure, transportation-related limits, and economics of hydrogen production. During the initial stages of the transition, Korea will produce and supply blue hydrogen by reforming natural gas to facilitate its journey to the hydrogen economy. Subsequently, Korea plans to produce and utilize green hydrogen and other renewables as energy sources, to turn itself into an eco-friendly hydrogen economy.

CHILE**WT/TPR/S/414- Informe de Secretaría OMC****RESUMEN****Párrafo 13, pág. 12**

Pregunta: El párrafo 13 indica que *"a pesar de que no se utilizaron planes de preferencias en materia de precios, al parecer la contratación pública se sigue utilizando como un instrumento de política para promover las pymes, las empresas en situación de desventaja (empresas que son propiedad de mujeres o personas con discapacidad), el desarrollo regional y la contratación verde."* Al respecto, Chile agradecería a Corea compartir información sobre qué medidas en particular existen en el sistema de contratación pública de Corea para promover la participación de las pymes y empresas que son propiedad de mujeres.

1. Question: Paragraph 13 indicates that "although price preference schemes were not used, it appears that public procurement is still used as a policy instrument to promote SMEs, disadvantaged companies (companies that are owned and operated of women or people with disabilities), regional development and green contracting." In this regard, Chile would appreciate Korea sharing information on what particular measures exist in Korea's public procurement system to promote the participation of women-owned SMEs and businesses.

ANSWER:

In order to protect SMEs and the socially disadvantaged, the government is applying a mandatory public purchase ratio of 5% for women companies and 1% for products from companies with disabilities, which the central government, local governments, and public institutions must comply with.

Párrafo 1.2, págs. 18-19

Pregunta: La sección 1.1 del informe de la Secretaría OMC, particularmente su párrafo 1.2, se refiere a la especialización en unos cuantos sectores claves y su interconexión con los mercados extranjeros a través de su alta participación en las cadenas globales de valor (séptimo a nivel mundial según la OCDE). Al respecto, Chile agradecería a Corea compartir cuál ha sido su enfoque en materia de políticas públicas, específicamente políticas comerciales, para hacer frente a posibles perturbaciones duraderas en las cadenas de valor mundiales producto de los efectos de la pandemia (tales como: la logística global, las interrupciones en las cadenas de suministro, la inestabilidad en el precio de las materias primas y las fluctuaciones inesperadas de los mercados financieros).

2. Question: Section 1.1 of the WTO Secretariat report, particularly its paragraph 1.2, refers to specialization in a few key sectors and their interconnection with foreign markets through their high participation in global value chains (seventh worldwide according to the OECD). In this regard, Chile would be grateful to Korea for sharing its approach to public policy, specifically trade policies, to face possible lasting disruptions in global value chains as a result of the effects of the pandemic (such as: global logistics, disruptions in supply chains, instability in the price of raw materials and unexpected fluctuations in financial markets).

[ANSWER]

International cooperation and coordination is crucial to recover and further strengthen global supply chains. In this aspect, Korea is expanding trade cooperation based on our manufacturing capabilities and advanced technologies in key industries encompassing semiconductors and batteries while seeking to add diversity to supply chains through Korea's FTA network and attraction of foreign investments.

1.2 Evolución económica reciente**1.2.4 Políticas estructurales****1.2.4.5 Políticas relativas al mercado laboral****Párrafo 1.20, pág. 29**

Pregunta: El párrafo 1.20 indica que *"Se adoptaron medidas para aumentar la calidad de los servicios de guardería, mejorar el equilibrio entre la vida profesional y la vida privada,*

y facilitar la reincorporación laboral de quienes hayan interrumpido su carrera profesional. Se espera que estas medidas promuevan la participación y el liderazgo de las mujeres en el mercado de trabajo". Al respecto, Chile agradecería a Corea compartir detalles de las medidas mencionadas en el párrafo, que buscan promover la participación y el liderazgo de las mujeres en el ámbito laboral.

3. Question: Paragraph 1.20 indicates that "Measures were taken to increase the quality of day care services, improve the balance between professional life and private life, and facilitate the return to work of those who have interrupted their professional careers. These measures are expected to promote participation and leadership of women in the labor market ". In this regard, Chile would appreciate Korea sharing details of the measures mentioned in the paragraph, which seek to promote the participation and leadership of women in the workplace

ANSWER:

The Ministry of SMEs and Startups of the Republic of Korea operates the Women's Startup Incubation Centre (BI) to promote women's entrepreneurship. The purpose of this program is to invigorate women's entrepreneurship and strengthen the competitiveness of women's businesses by providing comprehensive support for women such as incubation space for start-up, information, and other measures to help women to start and grow their business. The main target of support is preliminary female entrepreneurs and female entrepreneurs within 3 years of starting a business and the applicant are able to stay in BI for up to 3 years from the date of move-in. currently, there are 18 metropolitan cities centres nationwide and 238 rooms are being in operation.

The Korean government is striving to guarantee women's equal rights and opportunities to work by continuously increasing women's economic participation.

In particular, the joint measure by related ministries to recover from women's employment crisis has been in place since March 2021, in the efforts to stop women's employment crisis caused by COVID-19 from turning into a prolonged, structural crisis.

*Key policies: ▲ Creating jobs for women in the areas expected to see growing demands, such as caregiving and digital services and epidemic prevention and control, by allocating supplementary budget ▲ Increasing employment and start-up support tailored for women forced to leave the labor market to promptly reenter the workforce ▲ Providing increased public childcare services, among other measures intended to ease caregiving burden on women and help women maintain employment

The government is also making continuous efforts to enhance women's representation in corporate boards. The Capital Markets Act was amended to ban companies with total assets valued at KRW 2 trillion or more from forming corporate boards with members of a specific sex only. In addition, the gender ratio of executives in listed corporations is routinely analyzed and released in an effort to draw corporate attention and promote a social consensus on increasing gender diversity.

3 POLÍTICAS Y PRÁCTICAS COMERCIALES, POR MEDIDAS

3.1 Medidas que afectan directamente a las importaciones

3.1.3 Aranceles

3.1.3.3 Aranceles "flexibles"

Derechos de Ajuste

Párrafos 3.39 y 3.40, pág. 73

Pregunta: En los párrafos 3.39 y 3.40 del informe de la Secretaría, se mencionan que los derechos de ajuste "*solo afectan a los tipos NMF y son fijados anualmente por el MOEF*". Se menciona entre los ejemplos las maderas contrachapadas, las que efectivamente tienen un arancel NMF de 8% y un "*Adjustment Duty*" de 10%. Al respecto, Chile agradecería a Corea si pudiera indicar si esta información es publicada, y en caso afirmativo, compartir el sitio web donde estaría publicada dicha información.

4. Question: In paragraphs 3.39 and 3.40 of the Secretariat's report, it is mentioned that adjustment duties "only affect MFN rates and are set annually by the MOEF." Examples include plywood, which effectively has an MFN tariff of 8% and an "Adjustment Duty" of 10%. In this regard, Chile would appreciate Korea if it could indicate whether this information is published, and if so, share the website where such information would be published.

ANSWER:

Adjustment tariffs are announced in the official gazette or website www.law.go.kr.

3.1.6 Medidas antidumping, compensatorias y de salvaguardia**Párrafo 3.66, pág. 82**

Pregunta: El literal vii) del párrafo 3.66 menciona la creación de un comité de medidas comerciales correctivas. Al respecto, Chile agradecería a Corea compartir si dicho comité se ha reunido. De ser así, Chile agradecería también indicar como el comité ha desarrollado los objetivos mencionados en el mismo literal vii) y si existen actas públicas de dichas reuniones.

5. Question: Paragraph vii) of paragraph 3.66 mentions the creation of a Committee on trade and remedies measures committee. In this regard, Chile would appreciate Korea sharing if the committee has met. If so, Chile would also appreciate indicating how the committee has developed the objectives mentioned in the same paragraph vii) and if there are public minutes of the meetings.

ANSWER:

Korea (KTC) holds a committee on trade & remedies measures with the counties that signed an separate MOU, and runs the committee in the way of addressing key issues the parties want to deal with. There's no public minutes of the meeting in this regard.

3.3 Medidas que afectan a la producción y al comercio**3.3.4 Política de competencia y controles de precios****3.3.4.1 Política de competencia****3.3.4.1.1 Marco de políticas, institucional y normativo****Párrafo 3.182, pág. 121**

Pregunta: El párrafo 3.182 menciona un examen que realiza la KFTC a proyectos de ley. Al respecto, Chile agradecería si Corea pudiera indicar cual es el procedimiento por el cual la autoridad de competencia KFTC examina proyectos de ley, junto con aclarar si dicho examen es un requisito mandatorio para todos los proyectos de ley en Corea.

3.3.4.1.2 Cambios operacionales

6. Question: Paragraph 3.182 mentions a review that the KFTC conducts on bills. In this regard, Chile would appreciate if Korea could indicate the procedure by which the KFTC competition authority reviews bills, along with clarifying whether such review is a mandatory requirement for all bills in Korea.

ANSWER:

If the government intends to establish or reinforce regulations, it must undergo a regulatory review by the Regulatory Reform Committee. The KFTC is in charge of "competitive impact assessment" to analyze how new regulations affect competition during the regulatory review process. Competition impact assessment is conducted in the following order: relevant market definition, preliminary evaluation, and in-depth evaluation. Lastly, the evaluation results are delivered to the competent administrative agency.

Párrafo 3.192, pág. 124

Pregunta: El párrafo 3.192 menciona análisis de mercado realizados por la KFTC en el 2019 y 2020 en diferentes sectores. Al respecto, Chile agradecería a Corea indicar los elementos que toma en consideración la autoridad de competencia KFTC para decidir cuáles serán los sectores a los cuales someterá a un análisis de mercado.

7. Question: Paragraph 3.192 mentions market analyzes conducted by the KFTC in 2019 and 2020 in different sectors. In this regard, Chile would appreciate Korea to indicate the elements that the competition authority KFTC takes into consideration when deciding which sectors will be subjected to a market analysis.

ANSWER:

The share of the national economy (shipping amount or sales) and market concentration when selecting industries subject to market analysis. The selection is based on the need and possibility of

system improvement, focusing on areas where addiction oligopoly is fixed, areas where repeated violations of the law occur due to institutional factors, and areas where consumer complaints persist due to competition restrictions.

4 POLÍTICAS COMERCIALES, POR SECTORES

4.5 Servicios

4.5.6 Servicios de distribución centrados específicamente en el comercio electrónico

Párrafos 4.269 y 4.270, pág. 213

Pregunta: bajo el título "4.5.6 Servicios de distribución centrados específicamente en el comercio electrónico" se indican datos estadísticos que por la redacción de los párrafos 4.269 y 4.270, parecieran referirse al sector de distribución en general. En ese sentido, Chile agradecería a Corea aclarar si la afirmación que se hace en el párrafo 4.269 de que los servicios de distribución aportaron 7,6% del PIB en 2020, se refiere a los servicios de distribución centrados específicamente en el comercio electrónico, o si esa cifra se refiere a los servicios de distribución en general.

8. Question: Under the heading "4.5.6 Distribution services focused specifically on electronic commerce", statistical data are indicated which, due to the wording of paragraphs 4.269 and 4.270, seem to refer to the distribution sector in general. In this regard, Chile would appreciate clarifying whether the statement made in paragraph 4.269 that distribution services contributed 7.6% of GDP in 2020 refers to distribution services specifically focused on electronic commerce, or if that figure refers to distribution services in general.

ANSWER:

The Wholesale and retail sector, which is one of the GDP components, includes both online and offline services.

Párrafo 4.276, pág. 214

Pregunta: El párrafo 4.276 hace un interesante desglose de las proporciones de los bienes y servicios adquiridos por Corea desde el extranjero que fueron adquiridos por medios electrónicos. Al respecto, Chile agradecería a Corea indicar si existe información disponible sobre el tipo de adquisiciones que se realizaron desde Corea de productos digitales.

9. Question: Paragraph 4.276 makes an interesting breakdown of the proportions of goods and services purchased by Korea from abroad that were purchased electronically. In this regard, Chile would be grateful to Korea to indicate if there is information available on the type of acquisitions that were made from Korea of digital products.

[ANSWER]

The information is not available.

WT/TPR/G/414- Informe de Gobierno (Rep. de Corea)

4 POLÍTICA COMERCIAL Y DE INVERSIONES

4.2 Cooperación comercial regional y bilateral

4.2.1 Política en materia de ALC

Párrafo 4.25, pág. 12

Pregunta: el párrafo 4.25 menciona la red de ALC en los que participa Corea. Entre ellos, 17 han sido implementados. Al respecto, Chile agradecería si Corea pudiera compartir información sobre el proceso mediante el cual estos 17 ALCs fueron incorporados a su legislación nacional.

10. Question: Paragraph 4.25 mentions the network of LACs in which Korea participates. Among them, 17 have been implemented. In this regard, Chile would appreciate if Korea could share information on the process by which these 17 FTAs were incorporated into its national legislation.

ANSWER:

Under Korea's domestic legislative procedure, once a free trade agreement (FTA) is signed, the Government submits to the National Assembly the request to consent the ratification of the FTA,

including any necessary enactment and amendment of domestic laws for implementing the FTA.

Pregunta: Adicionalmente, Chile agradecería si Corea pudiera compartir información sobre el proceso de incorporación a su legislación nacional, de las decisiones adoptadas por los organismos administrativos de estos ALCs.

11. Additionally, Chile would appreciate if Korea could share information on the process of incorporation into its national legislation of the decisions adopted by the administrative bodies of these FTAs.

ANSWER:

It depends on decisions adopted by the FTA Committee. Sometimes, it may require administrative process only, or in other cases, require approval from the National Assembly.

CHINA

1. What is the main reason for Korea's constant low FDI stock levels compared with other OECD countries?

ANSWER:

A low inward FDI stock level is not necessarily deemed definitively negative. In addition, the FDI inflow level is determined by various factors such as average wage rate, abundance of natural resources, market size, and industrial structure, which make it hard to specify the exact reason for the question.

2. Regarding the MFN tariff rate, does Korea have any plan to further implement tariff concessions or drawbacks? If yes, please introduce the main content and schedule of the plan.

ANSWER:

Currently, Korea doesn't have any plan to further implement tariff concessions or drawbacks regarding the MFN. But a number of FTAs and multilateral trade agreements in which Korea participated are having the effect of lowering the tariff rates.

3. Please elaborate on how the Office of the Foreign Investment Ombudsman handles complaints from foreign investors. What is the legal effect of the ruling? Whether the ruling is a final decision?

ANSWER:

The OFIO is rather a staff organization which focuses on addressing/supporting and providing consulting for the difficulties of foreign-invested enterprises, not an organization which has any right to "rule" or to make any authorized administrative decisions towards foreign-invested firms. However, according to the Foreign Investment Promotion Act(Article 15), it does have the right to require relevant documents, request for cooperation, and (officially) advise to improve issues addressed to the related domestic authorities.

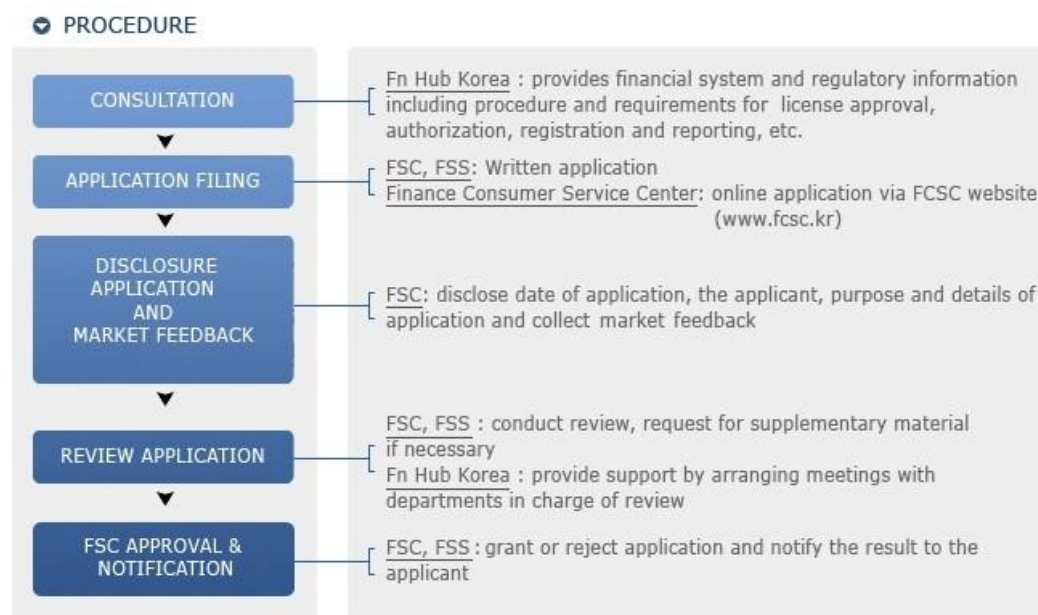
4. Please specify the approval procedures and standards for foreign investors to invest in financial services.

ANSWER:

Foreign financial companies should be approved or licenced by the Financial Services Commission (FSC) to enter into the financial market and run a financial service business.

The FnHub established under the Financial Supervisory Service (FSS) supports foreign financial companies to facilitate relevant procedures.

Please refer to the image below for the ordinary procedure.



5. Does Korea plan to reintroduce the corporation tax relief policy for foreign investment enterprises? How will Korea provide foreign investment enterprises with safe and stable investment environment in the context of the COVID-19 pandemic?

ANSWER:

The corporation tax relief policy in regards to foreign investment enterprises was rescinded according to international standards. The Korean government, therefore, has no plan to reintroduce corporation tax relief to foreign investment enterprises located in free trade zones.

6. The COVID-19 pandemic and its prevention and control measures have caused varying degrees of impact and restrictions on trade remedy investigation agencies and various parties involving in the investigation. What measures have the investigation agencies of Korea taken to ensure smooth trade remedy investigations and reduce the burden of relevant parties?

ANSWER:

For the investigation involving interested parties in the domestic region, the KTC has been employing both face-to-face investigation and non-contact investigation methodology. The face-to-face investigation such as on-site visit to verify the documentation is implemented as in the pre-COVID-19 environment, but in such a way to minimize the potential hazard of the pandemic. Non-contact investigation, normally performed via remote conference tools, is also adopted as a key part of the investigation process mainly for public hearing, meetings with interested parties, or any other investigation activities as necessary. Since there is no restriction in the KTC's regulatory framework for choosing between face-to-face or non-contact investigation methods, it opts the best approach to ensure efficient and effective investigation.

Similarly, the Korea Trade Commission is conducting both face-to-face and non-contact investigation methodologies for investigations on overseas interested parties. However, since it is burdensome to carry out overseas on-site investigation due to each country's self-quarantine policy for the COVID-19 pandemic, the KTC minimizes on-site investigations as much as possible and exchanges written questionnaires and conducts online due diligence investigation through video conference in order to reduce the burden of the relevant parties.

7. According to the K-REACH, most chemicals must be registered before entering the Korean market. Please specify the registration procedure and relevant registration cost.

ANSWER:

Article 10 of the Act on Registration and Evaluation of Chemical Substances states that any person who intends to manufacture or import a new substance greater than or equal to 100kg per year or an existing substance greater than or equal to one ton per year shall register it before manufacturing or importing the chemical substance. In addition, any person who intends to manufacture or import a new substance less than 100kg per year shall notify the government of it. The registration and notification for manufacturing or importing chemical substances shall be applied online by submitting an application and relevant additional documents on the Chemical Data Processing System website at: <https://kreach.me.go.kr>.

The cost for registering a chemical substance varies widely, which depends on the followings: the chemical substance's type, the annual amount manufactured or imported, the method to generate or have hazard data, and intended use. Therefore, it is difficult to calculate the general cost for registration.

8. The home appliances exported to Korea are subject to KC certification in Korea's domestic laboratories, which is an expensive cost burden to companies. Does Korea consider approving the electrical product test reports issued by foreign laboratories?

ANSWER:

As an IECE CB Scheme member, Korea recognizes IECEE test reports and IECEE certificates issued by foreign laboratories (CBTL: Certification Body Testing Laboratories), if test reports and certificates meet the relevant Korean Safety Standard, in accordance with the relevant Korean law (ELECTRICAL APPLIANCES AND CONSUMER PRODUCTS SAFETY CONTROL ACT).

9. Please specify the content of the Intellectual Property Research and Development (IP-R&D) plan.

ANSWER:

IP-R&D is an approach to R&D that uses intellectual properties as starting points rather than just the outcome of R&D to improve the efficiency of R&D and acquire core patents. IP-R&D is carried out in the stages of environmental analysis, patent/paper analysis, and strategy establishment. As a result, it presents strategies for avoiding existing core patents, setting the optimal direction of R&D, and acquiring intellectual properties.

10. Please specify measures to improve capabilities of examining new technologies (such as technologies related to the Fourth Industrial Revolution, big data, and bio-health, etc.).

ANSWER:

The Korean Intellectual Property Office restructured its organizational arrangement to newly create a bureau dedicated to the examination of convergence technologies, such as big data and bio-health (Nov. 2019), and expanded consultative examination among examiners of different technology fields. In addition, KIPO provided an examination guideline in the field of convergence technology and modified the criteria for examination.

11. Please elaborate on the background and purpose of the revision of the *Trademark Act* in 2020.

ANSWER:

The Trademark Act was amended in 2020 due to the possibility that one could gain more profit by infringing on a trademark then compensating later rather than paying a fair licensing fee. Accordingly, the amendment allows compensation up to three times the damages for willful infringement (amended in Oct. 2020), revises the previous regulation that did not consider damages due to infringement of products that exceed the right holder's production capacity, and sets a more reasonable calculation of compensation damages (amended in Dec. 2020).

12. The FSC has approved many sandbox projects. How does the sandboxes program support emerging technologies and services? Do these supporting policies also apply to foreign-invested enterprises?

ANSWER:

The Financial Regulatory Sandbox program is established to promote the development of innovative fintech services and to increase consumer benefits.

In the approval process, the committee reviews the comprehensive adequacy of applied services in light of the evaluating criteria stipulated by the law.

The program provides a temporary waiver, of no longer than four years, of the relevant financial regulation to approved fintech companies so that those companies can test their services in the market.

Financial companies subject to the Special Law on Financial Innovation Support, or any other companies which operate business offices in Korea under the Commercial Law, are eligible for the program. Thus, any foreign-invested enterprise which operates business offices in Korea and is subject to the Commercial Law is also eligible for the program.

PART III. OTHER QUESTIONS

13. Will Korea consider implementing differentiated management for foreign-funded branches and subsidiary banks to facilitate the local operation of foreign-funded branches?

ANSWER:

The Korean government treats nondiscriminatory foreign-funded branches with local financial companies, subject to relevant regulations.

CHINA – REVISED ANSWERS

Question 9. Please specify the content of the Intellectual Property Research and Development (IP-R&D) plan.

ANSWER

IP-R&D uses FTO (freedom to operate) in the approach to R&D which is based on patent documents and non-patent literature to improve efficiency of R&D and acquire core patents. IP-R&D is carried out in the stages of environmental analysis, patent/paper analysis, and strategy establishment. As

a result, it presents strategies for avoiding existing core patents, setting the optimal direction of R&D, and acquiring intellectual properties.

Question 11. Please elaborate on the background and purpose of the revision of the *Trademark Act* in 2020.

ANSWER

The Trademark Act was amended in 2020 to increase the amount awarded as damage compensation in order to deter situations where one could gain more profit by infringing on a trademark then compensating later rather than paying a fair licensing fee. Accordingly, the amendment allows compensation up to three times the damages for willful infringement (amended on Oct. 2020) and revises the previous regulation that did not consider damages due to infringement products that exceed the right holder's production capacity and set a more reasonable calculation of compensation damages (amended on Dec. 2020).

COLOMBIA**INFORME DE LA SECRETARÍA - DOCUMENTO WT/TPR/S/414****2. REGÍMENES DE COMERCIO E INVERSIÓN****2.6.1 Visión general**

Para 2.72. La Oficina del Mediador en materia de Inversión Extranjera (OFIO) (y su organismo de tramitación de reclamaciones), integrada en el KOTRA, atiende las reclamaciones concretas de los inversores extranjeros establecidos en Corea. En 2020, el número de casos gestionados por la OFIO fue de 357 (462 en 2015).

1. *¿Podría Corea indicar de los 357 casos que fueron gestionados por la OFIO, en cuántos de ellos pudo darse una solución, total o parcial, a las reclamaciones de los inversionistas extranjeros? Adicionalmente, ¿podría Corea indicar, de manera general, qué tipo de reclamaciones presentadas por los inversionistas extranjeros fueron las más comunes y en qué sectores?*

1. *Could Korea indicate of the 357 cases that were handled by OFIO, in how many of them could a solution, total or partial, be given to the claims of foreign investors? Additionally, could Korea indicate, in a general way, what types of claims filed by foreign investors were the most common and in which sectors.*

ANSWER:

The number of the cases handled here, 357, refers to the number of cases resolved, which means all 357 cases could be provided with total or partial solutions.

((Types) "Standards, certifications, Inspections(61 cases)" and "Environment(60 cases)" were the most common types of the claims.

2.6.2 Restricciones en materia de IED

Para 2.77. Se aplican restricciones a la inversión extranjera si: i) amenaza la seguridad nacional y el orden público; ii) tiene efectos dañinos para la higiene pública o la protección del medio ambiente o va en contra de la moral o las costumbres coreanas; y iii) contraviene las leyes y las disposiciones de menor rango de la República de Corea. Según lo prescrito por el Reglamento sobre Inversiones Extranjeras y el Compendio de Avisos Públicos sobre Inversiones Extranjeras, de las 1.196 categorías de empresas que figuran en la Clasificación Industrial Uniforme de Corea, no se admiten inversiones extranjeras en 61 categorías, entre ellas las correspondientes al ámbito de la administración pública, la diplomacia y la defensa nacional (categoría de empresa no permitida), lo que representa una categoría más que en 2016 (60 categorías); las autoridades indican que ello se debe a la reclasificación de las categorías en 2016.

2. *Derivado la lectura del párrafo 2.77, se entendería que no se permite la inversión extranjera en empresas correspondientes, entre otras, al ámbito de la defensa nacional. Sin embargo, en el párrafo 2.74 se señala que la autorización del Gobierno es obligatoria únicamente en el caso de la inversión en servicios financieros o la industria de la defensa. En virtud de lo expuesto, no sería claro si estaría o no permitida la inversión extranjera en el sector defensa. Podría entonces Corea clarificar la situación del sector defensa frente al régimen actual de inversión extranjera.*

Derived from reading paragraph 2.77, it would be understood that foreign investment is not allowed in companies corresponding, among others, to the field of national defense. However, paragraph 2.74 states that government authorization is mandatory only for investment in financial services or the defense industry. By virtue of the foregoing, it would not be clear whether or not foreign investment in the defense sector would be allowed. Korea could then clarify the situation of the defense sector vis-à-vis the current foreign investment regime.

ANSWER:

"National defense administration" is wholly closed to foreigners.

However, defense sector mentioned in paragraph 2.74 (i.e. defense enterprises allowed to operate after government authorization) refers to manufacturers of defense supplies stated in "Defense

Industry Act", such as firearms or aircrafts.

3. POLÍTICAS Y PRÁCTICAS COMERCIALES, POR MEDIDAS

En el párrafo 3.1 la Secretaría informa que "Desde el anterior examen de las políticas comerciales, la tendencia general de la política comercial de la República de Corea se ha mantenido casi sin cambios. El régimen arancelario sigue siendo uno de los principales instrumentos de la política comercial de Corea y una fuente relativamente sustancial, aunque decreciente, de ingresos fiscales. El Arancel de Aduanas de 2021 sigue siendo transparente, pero resulta relativamente complejo, con sus múltiples tipos. El promedio de los aranceles NMF aplicados disminuyó ligeramente, del 14,1% en 2016 al 13,9% en 2021. Las crestas de los tipos ad valorem no se han modificado y siguen concentradas en artículos agrícolas. Corea mantiene tipos consolidados para el 90,7% de sus líneas arancelarias, y ha seguido utilizando la diferencia entre los promedios de los tipos arancelarios NMF consolidados y aplicados para imponer derechos más elevados (por ejemplo, derechos de ajuste) denominados "aranceles flexibles". Corea mantiene contingentes arancelarios en virtud de sus compromisos multilaterales de acceso a los mercados agrícolas, así como otras medidas que reducen selectivamente los aranceles aplicados a los insumos."

Y en el párrafo 3.32 se indica que "La estructura arancelaria de Corea apenas ha experimentado cambios desde el último examen. El promedio aritmético (no ponderado) de los tipos NMF aplicados en 2021 disminuyó ligeramente al 13,9% (14,1% en 2016) (cuadro 3.1 y gráfico 3.1), principalmente como resultado de la aplicación de los compromisos relativos a la ampliación del Acuerdo sobre Tecnología de la Información.³⁶ La protección arancelaria varía notablemente entre los distintos sectores y dentro de ellos, y el promedio en 2021 es del 60,4% (60% en 2016) para los productos agrícolas y del 6,3% (6,6% en 2016) para los productos industriales (definiciones de la OMC).³⁷ Los promedios arancelarios más elevados, del 107,9%, se aplican a los productos del reino vegetal (sección II del SA) (gráfico 3.1). Los aranceles más altos aplicados a los productos manufacturados son del 10,1% para el calzado y los sombreros (sección XII del SA) y del 9,7% para las materias textiles y sus manufacturas (sección XI del SA). Dado que otorgan niveles distintos y elevados de protección a determinadas ramas de producción, especialmente a la agricultura, los aranceles distorsionan la competencia al favorecer algunas actividades. La reducción de los aranceles elevados (principalmente los derechos aplicados a la agricultura fuera del contingente) permitiría una mejor distribución de los recursos y aumentaría el bienestar nacional, pero las autoridades no comparten esta opinión. Según las autoridades, los aranceles agrícolas, incluidos los aranceles fuera del contingente, se mantienen de conformidad con las leyes internacionales y nacionales, teniendo en cuenta las condiciones del mercado."

3. *El informe de la Secretaría refleja que desde el examen anterior no se aprecian mayores cambios en la estructura y niveles aplicados del arancel de Corea. Los promedios arancelarios básicamente se mantienen inalterados, sin variaciones en crestas y distintas categorías. Dado el contexto de recuperación post pandemia, sería de interés conocer si Corea está contemplando ajustes o modificaciones a su estructura arancelaria que simplifiquen el acceso a su mercado, particularmente para productos agrícolas (60,4% en promedio, ligeramente superior a lo registrado en 2016), donde se concentran las principales crestas.*

The Secretariat's report reflects that since the previous review, there are no major changes in the structure and applied levels of Korea's tariff. The tariff averages basically remain unchanged, without variations in peaks and different categories. Given the context of post-pandemic recovery, it would be interesting to know if Korea is contemplating adjustments or modifications to its tariff structure that simplify access to its market, particularly for agricultural products (60.4% on average, slightly higher than that registered in 2016), where the main ridges are concentrated

ANSWER:

Currently Korea does not plan to simplify or modify tariff structure. But Korea has implemented the tariff concession precisely without delay according to WTO agreement, including agricultural products. And, Korea has signed a number of FTAs and multilateral trade agreements with Colombia, U.S., EU and China, etc., so it makes effects of lowering tariff rates.

3.1 Medidas que afectan directamente a las importaciones

3.1.1 Procedimientos y requisitos aduaneros y valoración en aduana

3.1.1.1 Procedimientos

En el párrafo 3.12 se informa que "Corea ratificó el Acuerdo sobre Facilitación del Comercio (AFC) de la OMC el 30 de julio de 2015, y lo puso plenamente en vigor el 22 de febrero de 2017.¹⁴ En enero de 2021, Corea presentó su notificación sobre la aplicación (categorías A, B y C), en la que se designaban todas las disposiciones contenidas en los artículos 1 a 12 del AFC como disposiciones de la categoría A, y su notificación en materia de transparencia de conformidad con los artículos 1.4, 10.4.3, 10.6.2. y 12.2.2. Corea se adhirió al Convenio de Kyoto revisado (Convenio Internacional para la Simplificación y Armonización de los Regímenes Aduaneros) en febrero de 2003, y la adhesión estaba sujeta a algunas reservas en la fecha del examen anterior; el Convenio entró en vigor en febrero de 2006.¹⁶ Las autoridades no han facilitado información sobre si esas reservas se han levantado o si se han firmado nuevos acuerdos internacionales desde 2016"

4. Corea es uno de los países líderes en materia de facilitación al comercio y su récord de asistencia a terceros países también es destacado. Se resalta especialmente su notificación de enero de 2021 en torno a la designación de todas las disposiciones del TFA como Categoría A. Es por esto que, ¿Podría Corea compartir, (si las tiene), sus iniciativas en materia de construcción de capacidad para países en desarrollo, en el marco del TFA?

Korea is one of the leading countries in trade facilitation and its record of assistance to third countries is also outstanding. Its notification of January 2021 regarding the designation of all provisions of the TFA as Category A is especially highlighted. This is why, could Korea share, (if it has them), its initiatives on capacity building for countries under development, under the TFA?

[ANSWER]

Korea is carrying out various capacity-building projects to aid developing countries with TFA every year. Also, we are working relentlessly to strengthen developing countries' digital capabilities, as well as risk management, cargo management, etc.

3.1.3 Aranceles

La Secretaría, en su Informe, plantea que "el régimen arancelario sigue siendo uno de los principales instrumentos de la política comercial de Corea y una fuente relativamente sustancial, aunque decreciente, de ingresos fiscales. El Arancel de Aduanas de 2021 sigue siendo transparente, pero resulta relativamente complejo, con sus múltiples tipos". También se menciona que "Corea mantiene contingentes arancelarios en virtud de sus compromisos multilaterales de acceso a los mercados agrícolas, así como otras medidas que reducen selectivamente los aranceles aplicados a los insumos", tal como se plantea en el literal

3.1.3.3 Aranceles "flexibles" (párrafo 3.37): "El sistema permite que las autoridades aumenten o reduzcan ciertos aranceles discrecionalmente, de modo que cuentan con un margen considerable para alentar o desalentar la importación de determinados artículos a fin de estabilizar los precios, proteger a los productores nacionales, asegurar un abastecimiento constante y aplicar otra política industrial".

5. ¿Podría indicar Corea si las autoridades cuentan con algunos lineamientos de política o un instructivo con criterios para seleccionar los productos que serán objeto de modificación para "alentar o desalentar la importación a fin de estabilizar los precios, proteger a los productores nacionales y asegurar un abastecimiento constante?

Could Korea indicate whether the authorities have any policy guidelines or an instruction manual with criteria for selecting the products to be modified to "encourage or discourage imports in order to stabilize prices, protect domestic producers, and ensure a constant supply?

ANSWER:

In order to select flexible tariff items such as adjustment tariffs, the authorities first receive applications from related ministries and industries, select the items in consideration of import prices and import volume trends, domestic prices and supply trends, and finally decide through revision of laws.

6. *¿A cuáles sectores o subsectores agropecuarios se les aplicó aranceles flexibles en el período objeto de Examen de la Política Comercial?*

Which agricultural sectors or subsectors were applied flexible tariffs in the period under the Trade Policy Review?

ANSWER:

From 2016 to 2020, Korea administered autonomous tariff quotas, adjustment tariffs and special safeguard duties for 42 items relating to agriculture.

Autonomous tariff quotas (26) : hatching eggs, fresh eggs, processed egg products, sweet whey powder, manioc pellet, unhulled barley, oat, maize(corn) for feed, soybean, cotton seeds, alfafa, fodder roots, animal or vegetable fats and oils, lactose, molasses, bran, beet-pulp, DDGS, soybean meal, cottonseed meal, cottonseed hulls, preparations of a kind used in animal feeding, material for manufacturing agricultural chemicals, urea, manioc chip, sugar.

Adjustment tariffs (4) : steamed or boiled rice, Chinese vermicelli, Gochujang, mixed seasonings
Special safeguard duties(2) : rice, ginseng

7. *¿Cuándo se aplican aranceles "flexibles", se exceptúan los productos con preferencia arancelaria bajo los Acuerdos de libre comercio vigentes?*

When "flexible" tariffs are applied, are products with a tariff preference excepted under existing free trade agreements?

ANSWER:

Compared to flexible tariff rate, when FTA tariff rate is lower than flexible tariff, the FTA tariff rate can be applied, but, if, reversely, FTA tariff rate is higher than flexible tariff rate, the flexible tariff rate can be applied. But especially, anti-dumping, countervailing, retaliatory, emergency duties shall be applied as a top priority.

Derechos de ajuste

Tomando como referencia lo planteado por la Secretaría en el párrafo 3.39: "Los derechos de ajuste tienen por fin proteger a las ramas de producción nacionales frente a los aumentos súbitos de las importaciones y atenuar las repercusiones de la liberalización del comercio. Solo afectan a los tipos NMF y son fijados anualmente por el MOEF de conformidad con la solicitud de las autoridades gubernamentales competentes".

8. *Sobre el particular, Colombia agradece a Corea, aclarar si los derechos de ajuste reemplazan la adopción de medidas de defensa comercial, específicamente las salvaguardias y cuál es el procedimiento que sigue el MOEF para atender las solicitudes de las autoridades gubernamentales competentes.*

In this regard, Colombia thanks Korea for clarifying whether adjustment rights replace the adoption of trade defense measures, specifically safeguards and what is the procedure followed by the MOEF to respond to requests from the competent government authorities.

ANSWER:

In order to proceed adjustment tariff system, MOEF first receives applications from related ministries and industries, selects the items in consideration of import prices and import volume trends, domestic prices and supply trends, and finally decides through revision of laws.

En el párrafo 3.178. se señala que "En el período examinado, la demanda de condiciones sanitarias simplificadas para la importación ha sido mayor a consecuencia de la proliferación de acuerdos comerciales multilaterales, como el Acuerdo de Asociación Económica Amplia Regional (RCEP) y el Tratado Integral y Progresista de Asociación Transpacífico (CPTPP). En noviembre de 2019, el MFDS introdujo el Sistema de Despacho Rápido de las Importaciones Previstas, con el que las empresas fiables con un largo historial de importaciones de productos alimenticios de forma segura sin antecedentes de incumplimiento pueden efectuar el despacho de aduana inmediatamente tras la declaración de importación; en 2020, podían beneficiarse de este sistema 72 artículos de importación prevista de 23 empresas. Desde abril de 2020 es posible bloquear con rapidez el despacho de aduana de productos alimenticios (y medicamentos), al relacionar la información sobre productos peligrosos

con el sistema Gestión Integral de Riesgos-PASS (IRM-PASS) de la KSA. Además, en 2019, el MFDS introdujo el Sistema de Órdenes de Inspección para la Fase de Distribución, para fomentar que las empresas, de manera voluntaria, examinen las importaciones de productos alimenticios distribuidos que puedan causar daños y demuestren la inocuidad de sus productos; se dictaron órdenes para inspeccionar los productos de brotes de cebada en polvo (con un contenido superior al 50%) distribuidos que tenían muchos antecedentes de incumplimiento en la fase de despacho de aduana."

9. *En el informe la Secretaría, señala que, durante el período de examen, la demanda de condiciones sanitarias simplificadas para la importación ha sido mayor a consecuencia de la proliferación de acuerdos comerciales (regionales). A pesar de los desarrollos de Corea en esta materia en cuanto a reconocimientos mutuos, los tiempos para la culminación de procesos de admisibilidad sanitaria siguen siendo extensos y complejos.*

¿Existe algún plan de la administración coreana que tenga como objetivo reducir los períodos actuales de revisión y aprobación de protocolos sanitarios?

In the report, the Secretariat notes(para 3.178) that, during the review period, the demand for simplified sanitary conditions for imports has been greater as a result of the proliferation of (regional) trade agreements. Despite Korea's developments in this area in terms of mutual recognition, the times for the completion of sanitary admissibility processes remain long and complex. Is there a plan of the Korean administration that aims to reduce the current review and approval periods of sanitary protocols?

ANSWER:

The import permit of animal and livestock products is reviewed and determined upon request by an exporting country, in accordance with the domestic law (Act on the Prevention of Contagious Animal Diseases).

- * Import Permit Procedure (8 steps): ① Review on the possibility of market access, ② Submission of Animal Health Questionnaire, ③ Review of the answers to the questionnaire, ④ On-site inspection, ⑤ Decision on market access, ⑥ Consultation on Import Health Requirements, ⑦ Enactment and notification of IHR, ⑧ Consultation on template import health certificate.

The approval time may be reduced according to prompt provision of information by the exporting country, as well as the on-site inspection.

3.1.2 Normas de Origen

3.28. El KCS sigue realizando actividades de promoción de los ACR y los ALC para ayudar a las empresas a utilizar preferencias comerciales con sujeción a normas de origen diversas y complejas. Para simplificar la prueba del origen y los documentos de prueba, el KCS mantiene desde 2010 un sistema en virtud del cual un exportador capaz de demostrar el país de origen de sus productos es designado como exportador autorizado. Desde el 7 de septiembre de 2010, funciona también un sistema FTA-PASS electrónico para la determinación del origen y la gestión; el sistema FTA-PASS puede conectarse con UNI-PASS (sección 3.1.1.1) de modo que pueden emitirse documentos para demostrar el origen de manera rápida y conveniente. Desde 2010, el KCS gestiona un sistema de alerta electrónica para la utilización de los ALC que indica qué mercancías son objeto de trato arancelario preferencial en el sistema de despacho electrónico de aduanas en el momento de la importación. Desde septiembre de 2010 se ha distribuido en línea, para su uso por las pymes, un programa gratuito de autogestión de trámites relacionados con el origen que permite determinar la condición de las mercancías en cuanto al origen. Por otra parte, desde octubre de 2010, el KCS mantiene un sitio web (<https://www.origin.or.kr>) que permite obtener información y datos sobre todos los ACR y ALC formalizados hasta el momento. Se han hecho esfuerzos por aumentar la conciencia del público mediante seminarios, talleres, concursos y cursos relacionados con los ACR y ALC.

10. *¿Podría el gobierno de Corea del Sur ampliar información acerca de los diferentes mecanismos y herramientas implementados para ayudar a las PYMES a utilizar las preferencias comerciales sujetas a normas de origen diversas y complicadas?*

Could the South Korean government provide more information about the different mechanisms and tools in place to help SMEs use trade preferences subject to diverse and complicated rules of origin?

[ANSWER]

In addition, KCS offers 13 curriculums related to utilizing FTA, including HS Code, Approve Exporter, and FTA-PASS. We also operate 'Consultants Visitation', where customs officials personally visit the SMEs.

3.3 Medidas que afectan a la producción y al comercio

3.3.7 Derechos de propiedad intelectual

3.3.7.1.1 Patentes y modelos de utilidad

3.247. Durante el período objeto de examen, la KIPO aplicó políticas encaminadas a fomentar la utilización de datos sobre patentes en el proceso de I+D. Entre 2019 y 2020, amplió drásticamente la aplicación del plan de I+D en materia de propiedad intelectual de la KIPO, con el objetivo de mejorar la eficiencia de los proyectos de I+D y garantizar tecnologías esenciales. Este plan consiste en ampliar los programas de I+D relacionados con la propiedad intelectual en el marco de los proyectos públicos de I+D, fomentar una I+D relacionada con la propiedad intelectual adaptada a cada fase de crecimiento de una empresa, y fortalecer los cimientos para la proliferación de la I+D relacionada con la propiedad intelectual en la industria, el mundo académico y los centros de investigación.

11. *¿Podría Corea informar con mayor detalle acerca del funcionamiento y resultados del plan de I+D en materia de propiedad intelectual de la KIPO, haciendo especial referencia a la ampliación de los programas de I+D relacionados con la propiedad intelectual en el marco de los proyectos públicos de I+D, ¿y el fomento de la I+D relacionada con la propiedad intelectual adaptada a las fases de crecimiento de las empresas?*

Could Korea provide further details on the operation and results of KIPO's IP R&D plan, with special reference to expanding IP-related R&D programs under the of public R&D projects, and the promotion of R&D related to intellectual property adapted to the growth phases of companies?

ANSWER:

IP-R&D is an approach to R&D that uses intellectual properties as starting points rather than just the outcome of R&D to improve efficiency of R&D and acquire core patents. IP-R&D is carried out in the stages of environmental analysis, patent/paper analysis, and strategy establishment. As a result, it presents strategies for avoiding existing core patents, setting the optimal direction of R&D, and acquiring intellectual properties.

3.3.7.3 Observancia

3.285. El MCST puede incautarse, eliminar o destruir programas informáticos adquiridos de forma ilegal y ordenar a los proveedores de servicios de Internet que rechacen, suspendan o limiten los productos y servicios piratas.

12. *¿Podría Corea ampliar la información relativa al funcionamiento de la competencia que tiene el MCST para ordenar a los proveedores de servicios de Internet que rechacen, suspendan o limiten los productos y servicios piratas y adicionalmente nos gustaría conocer como esta competencia se articula con el régimen de responsabilidad de los proveedores de servicios de internet por material infractor a los derechos de propiedad intelectual que se aloja en sus plataformas?*

Could Korea expand the information regarding the operation of competition that MCST has to order Internet service providers to reject, suspend or limit pirated products and services and additionally we would like to know how this competition is articulated with the liability regime of internet service providers for material infringing intellectual property rights that is hosted on their platforms?

ANSWER:

The Minister of Culture, Sports and Tourism may order the online service provider to warn the copiers/transmitters of illegal reproductions, delete or stop transmitting illegal reproductions in accordance with Article 133-2 of the Copyright Act. A fine up to 10 million KRW may be imposed if

the order is not implemented. Also, the Korea Copyright Protection Agency may recommend online service providers to warn against copiers/transmitters of illegal reproductions, delete or stop transmitting illegal reproductions, after deliberation at the Copyright Protection Deliberation Committee(Copyright Act 133-3)

Online service providers are sometimes the direct or indirect subjects of copyright infringement, however they are in the most effective position to prevent infringement related to the service. Korean copyright legislation system certain roles on online service providers to prevent, deter and stop copyright infringement and limit their liability accordingly. The Copyright Act classifies the types of the online service, stipulates the requirements for limiting liability for each type, and exempts liability if the online service providers satisfy the requirements or the satisfaction is technically impossible(Copyright Act 102, 103(5)).In addition, the Copyright Act limits the measures that the court can order when there is a criminal prosecution against online service providers who meet the requirements(Copyright Act Article 103-2).

4 POLÍTICAS COMERCIALES, POR SECTORES

4.2. Pesca

Refiere el Informe de la Secretaría que el Gobierno de Corea sigue luchando contra la pesca ilegal, no declarada y no reglamentada (INDNR), y otorga ayuda interna para el desmantelamiento de embarcaciones y la ordenación de los recursos pesqueros. Sigue promoviendo el desarrollo de una producción pesquera y acuícola sostenibles.

En la **sección 4.2.3 Ayuda interna, párrafo 4.72**, se plantea que "Corea notificó a la OMC, de conformidad con el artículo XVI.1 del GATT de 1994 y el artículo 25 del Acuerdo sobre Subvenciones y Medidas Compensatorias, que sigue prestando apoyo financiero al sector pesquero. El apoyo se presta en forma de donaciones o préstamos a bajos intereses (cuadro 4.7), de conformidad con la Ley de Pesca, la Ley de Gestión de los Recursos Pesqueros, la Ley de Fomento de la Industria de la Acuicultura, la Ley de Fomento de la Pesca en Aguas Distantes y la Ley de Mejoras Estructurales y Ayuda a la Pesca Nacional".

13. A la luz de lo planteado, Colombia está interesada en conocer si Corea en el marco de las negociaciones sobre las disciplinas relativas a las subvenciones a la pesca, mantiene su compromiso de no solicitar el trato especial y diferenciado previsto para los países en desarrollo en las negociaciones en curso y futuras en la Organización, planteado en la sección 2.5 Acuerdos y arreglos comerciales, 2.5.1 OMC, párrafo 2.36

In light of the above, Colombia is interested in knowing whether Korea, in the framework of the negotiations on disciplines related to fisheries subsidies, maintains its commitment not to request the special and differential treatment provided for developing countries. in ongoing and future negotiations in the Organization, raised in section 2.5 Trade Agreements and Arrangements, 2.5.1 WTO, paragraph 2.36

ANSWER:

Regarding the fisheries sector, Korea has not been nor will not be a demandour for Special and Differential Treatment.

INFORME DEL GOBIERNO - DOCUMENTO WT/TPR/G/414

3 POLÍTICA ECONÓMICA

3.1 Los elementos centrales de la política económica: innovación, inclusión y equidad

3.2. En cuanto a la innovación, Corea trata de promover la innovación en el ecosistema industrial mediante la eliminación de normas superfluas. Por lo que respecta a la inclusión, está trabajando para mejorar la calidad de los puestos de trabajo y reforzar las redes de protección de las personas de bajos ingresos y vulnerables con objeto de reducir la desigualdad y crear una economía más inclusiva. Y en cuanto a la equidad, Corea está combatiendo las prácticas comerciales desleales y alentando la cooperación entre las grandes empresas y las pequeñas y medianas empresas a fin de sentar unas bases firmes para una economía de mercado sólida.

14. *El gobierno de Colombia desea conocer ¿De qué manera el gobierno de Corea del Sur alienta la cooperación entre grandes y pequeñas y medianas empresas? ¿Existe algún mecanismo especial para alcanzar este objetivo?*

The government of Colombia wants to know how the government of South Korea encourages cooperation between large and small and medium-sized companies? Is there a special mechanism to achieve this goal?

ANSWER:

The Korean government is promoting various policies to create a culture of voluntary win-win cooperation between large and small companies led by the private sector and supported by the government.

Korea Commission for Corporation Partnership (KCCP) as a committee in the private sector is being formed to discuss ways to achieve win-win cooperation between large and small companies, and the win-win growth index where large corporations participate voluntarily is evaluated and published the results every year to identify excellent win-win cooperation cases and to promote a cooperative culture.

The Ministry of SMEs and Startups try to discover and spread various win-win cooperation models by designating a large company as a "Inclusive Company" that share their strengths and know-how with not only SMEs with business relationships but also non-trading companies and small business owners.

3.3.2 Sector manufacturero: desarrollo de una gran potencia industrial

3.14. En el marco de esos esfuerzos, Corea ha acelerado el proceso de transición hacia una industria más inteligente y más verde. En 2020, Corea había construido unas 20.000 fábricas inteligentes y siete complejos industriales inteligentes para mejorar la productividad del sector manufacturero. Además, Corea ha creado diversos grupos de trabajo para la transformación digital en la esfera de la movilidad, los electrodomésticos y otros sectores con objeto de promover la utilización de tecnologías digitales en diferentes ámbitos del ecosistema industrial (incluidos el desarrollo, la producción y el consumo). A fin de establecer un marco institucional para estas iniciativas, el Gobierno coreano está actualmente preparando la aprobación de la Ley de Transformación Digital de los Sectores.

15. *En la evaluación de la OCDE de 2019 se señalaron como aspectos con espacio a mejorar los relacionados con el número de procedimientos agilizados electrónicamente. Dado el énfasis del gobierno coreano por asegurar un crecimiento económico basado en la innovación y en el uso de tecnologías digitales, ¿Cuál es la proyección en esta materia? y ¿Cuáles son los objetivos fijados?*

In the 2019 OECD evaluation, those related to the number of electronically expedited procedures were identified as aspects with room for improvement. Given the Korean government's emphasis on ensuring economic growth based on innovation and the use of digital technologies, what is the projection in this matter? and What are the objectives set?

[ANSWER]

The Ministry of Justice has been dealing with the online issuance of visa through the visa portal(www.visa.go.kr). Electronic visa can be issued when the Minister of Justice recognizes that examination from the head of the diplomatic mission is deemed unnecessary in light of the principle of reciprocity of each State or the interest of the Republic of Korea.

At the current moment, the application and issuance of electronic visas has been temporarily suspended due to the current situation of COVID-19. However, once the COVID-19 situation improves, normalization of this operation and the expansion of electronic visa issuance will be favorably reviewed.

3.17. Además, para desarrollar nuevos servicios, mejorar la calidad y reforzar la seguridad en la era de la cuarta revolución industrial, Corea sigue elaborando las normas necesarias para diferentes sectores, como el sector de los vehículos eléctricos y autónomos, la energía (hidrógeno) y los semiconductores sin memoria. Corea tiene previsto asimismo proponer 300 normas internacionales para 2023. Por otra parte, la Ley Especial de Revitalización de las Empresas, promulgada en 2016, prevé exenciones reglamentarias y procedimientos simplificados que permiten a las empresas proceder a su reestructuración voluntaria en poco tiempo y desarrollar nuevas actividades

prometedoras para evitar la insolvencia. En 2020 se concedieron autorizaciones de reestructuración a un total de 166 pequeñas y medianas empresas.

16. *Se destaca en el informe de Gobierno el significativo desarrollo en materia de normas técnicas durante los últimos años, con desarrollos que apuntan a fortalecer el crecimiento en nuevos sectores como vehículos eléctricos y autónomos, el uso del hidrógeno como fuente de energía y los semiconductores. También se menciona que Corea tiene previsto proponer 300 normas internacionales para 2023.*

¿Podrían las autoridades coreanas elaborar sobre el tipo de normas que tienen previsto presentar? ¿Cómo es su proceso de elaboración? ¿Qué sectores abarcarán?

The government report highlights the significant development in terms of technical standards in recent years, with developments that aim to strengthen growth in new sectors such as electric and autonomous vehicles, the use of hydrogen as a source of energy and semiconductors. It is also mentioned that Korea plans to propose 300 international standards by 2023

Could the Korean authorities elaborate on the type of standards they plan to present? How is your production process? What sectors will they cover?

ANSWER:

KATS tries to link research and development results in the 4th industry division to standards, and standardizes performance requirements and test methods. We contribute to the promotion of international standardization in the 4th industry by actively suggesting the results as international standards such as ISO and IEC.

COLOMBIA – REVISED ANSWER

3.3.7.1.1 Patentes y modelos de utilidad

3.247. Durante el período objeto de examen, la KIPO aplicó políticas encaminadas a fomentar la utilización de datos sobre patentes en el proceso de I+D. Entre 2019 y 2020, amplió drásticamente la aplicación del plan de I+D en materia de propiedad intelectual de la KIPO, con el objetivo de mejorar la eficiencia de los proyectos de I+D y garantizar tecnologías esenciales. Este plan consiste en ampliar los programas de I+D relacionados con la propiedad intelectual en el marco de los proyectos públicos de I+D, fomentar una I+D relacionada con la propiedad intelectual adaptada a cada fase de crecimiento de una empresa, y fortalecer los cimientos para la proliferación de la I+D relacionada con la propiedad intelectual en la industria, el mundo académico y los centros de investigación.

11. *¿Podría Corea informar con mayor detalle acerca del funcionamiento y resultados del plan de I+D en materia de propiedad intelectual de la KIPO, haciendo especial referencia a la ampliación de los programas de I+D relacionados con la propiedad intelectual en el marco de los proyectos públicos de I+D, ¿y el fomento de la I+D relacionada con la propiedad intelectual adaptada a las fases de crecimiento de las empresas?*

Could Korea provide further details on the operation and results of KIPO's IP R&D plan, with special reference to expanding IP-related R&D programs under the of public R&D projects, and the promotion of R&D related to intellectual property adapted to the growth phases of companies?

Answer

IP-R&D uses FTO (freedom to operate) in the approach to R&D which is based on patent documents and non-patent literature to improve efficiency of R&D and acquire core patents. IP-R&D is carried out in the stages of environmental analysis, patent/paper analysis, and strategy establishment. As a result, it presents strategies for avoiding existing core patents, setting the optimal direction of R&D, and acquiring intellectual properties.

COSTA RICA**A. Informe de la Secretaría****Página 191, párrafo 4.153**

4.153. Las exportaciones de servicios aumentaron de USD 94.800 millones en 2016 a USD 103.800 millones en 2019, antes de descender a USD 90.100 millones en 2020 (cuadro 1.4). Los principales destinos de las exportaciones de servicios son China, los Estados Unidos, la Unión Europea y el Japón.⁵⁸ Las importaciones de servicios aumentaron de USD 112.100 millones en 2016 a USD 130.700 millones en 2019, antes de descender a USD 106.300 millones en 2020. Los principales servicios comercializados son los servicios de transporte, otros servicios prestados a las empresas y los servicios relacionados con los viajes.

Pregunta:

- ¿Podría Corea por favor brindar mayor detalle sobre los principales servicios que componen sus importaciones?

Page 191, paragraph 4.153 : Could Korea explain detail about the main services that make up your imports?

ANSWER:

According to the Bank of Korea's service trade balance data, the top five areas of service income as of 2020 are transportation, travel, construction, processing services, and insurance.

Página 192, párrafo 4.161

4.161. Durante el período objeto de examen, Corea también notificó a la OMC los acuerdos que había firmado con el Estado de Texas (Estados Unidos) y con Australia sobre el reconocimiento mutuo de las licencias de ingeniero profesional.⁶⁹

Preguntas:

- ¿Podría Corea por favor brindar mayor detalle sobre los acuerdos de reconocimiento mutuo y si estos derivan de la implementación de compromisos adquiridos en el marco de un acuerdo comercial?
- ¿Podría por favor Corea indicar, de conformidad con estos acuerdos, cuáles requisitos debe presentar un ingeniero australiano y uno del Estado de Texas para poder ejercer en Corea?

Page 192, paragraph 4.161

- Could Korea explain more detail about mutual recognition agreements and whether they stem from the implementation of commitments made under a trade agreement?
- According to the data these agreements, what requirements must an Australian engineer and a Texas state engineer meet to be able to practice in Korea?

ANSWER:

Korea has signed MRAs (Mutual Recognition Agreement) with engineering organizations in Australia and Texas, USA, as follow-up on FTA. Any person intending to perform professional engineers' duties under professional engineers Act shall register with the Minister of Science and ICT. A summary of the conditions for recognition as a Korean Professional Engineer through mutual recognition agreement is as follows.

Organization	Mutual Recognition Provisions
Australia(EA)	<p>APEC Engineer Registered in Australia satisfying the requirements below</p> <ol style="list-style-type: none"> ① The person has completed an accredited or recognised engineering program, or assessed and recognised as equivalent. ② The person has been assessed within their own economy as eligible for independent practice. ③ The person has gained a minimum of seven years of practical experience since graduation. ④ The person has spent at least two years in responsible charge of significant engineering work.

Organization	Mutual Recognition Provisions
	<ul style="list-style-type: none"> ⑤ The person has maintained their continuing professional development at a satisfactory level ⑥ The person has agreed to be bound by the codes of professional conduct established and enforced by their home jurisdiction and by any other jurisdiction within their practice and responsibility for legal proceeding.
Texas(TBPELS)	<ul style="list-style-type: none"> ① Registered/Licensed Engineer in the Home Jurisdiction. ② Pass any examination or interview whose sole purpose is to ensure that the applicant understands local practices, legislation, etc. ③ One year of Korean or Korean equivalent experience to show familiarity with Korean codes of conduct and engineering practice to enable Registration in the Republic of Korea. ④ Experience Requirement: Provide a verified record of engineering experience demonstrating seven years of practical experience since graduation, including three years of experience after initial licensure. ⑤ Agreed to conform to the ethical standards of the Host Jurisdiction.

Korea has made Mutual Recognition Agreements on Professional Services with Texas-USA(engineering) and Australia(engineering). These MRAs stem from the implementation of commitments made under the Free Trade Agreements between the countries. By signing the MRAs, Korean Engineers can be recognised as domestic engineers in Texas and Australia without additional license examination.

Página 194, párrafo 4.166

4.166. La incorporación de tecnologías digitales, un sector en rápido crecimiento, está provocando importantes cambios en el sector de los servicios financieros. Las repercusiones de la pandemia de COVID-19 y el cierre de sucursales físicas han acelerado este proceso, como consecuencia del cual

- se han creado recientemente dos bancos que operan solo por Internet; (...)

Pregunta:

- ¿Podría Corea por favor indicar si entidades extranjeras pueden operar bancos que prestan servicios exclusivamente por Internet?

Page 194, paragraph 4.166

- Could Korea please indicate that foreign entities can operate banks that exclusively over the Internet?

ANSWER:

(On the premise that the question means foreign entities operate banks as Mode1) Foreign entities cannot operate banks only over internet without commercial presence within Korea.

Página 211, párrafo 4.255

4.255. La propiedad extranjera de compañías aéreas coreanas está limitada a menos del 50%, y las empresas deben registrar su aeronave en Corea. Se permite en la actualidad la inversión extranjera sin restricciones en las actividades de apoyo al transporte aéreo, incluido el mantenimiento, la reparación y revisión de aeronaves, y en 2017 se eliminó el límite del 50% en la participación extranjera en el capital que existía con anterioridad (sección 2.6.2). Las empresas nacionales pueden encargar la reparación o el mantenimiento de su aeronave en el extranjero, pero solo por mecánicos que posean el correspondiente certificado de mecánico de mantenimiento en el extranjero. No hay un proveedor monopolístico de servicios de sistemas de reserva informatizados, ni es obligatorio recurrir a un proveedor en concreto para esos servicios. Se permite la autoasistencia, la prestación mutua de servicios y la prestación de servicios por terceros, y no hay límites al número de proveedores de servicios de escala en los principales aeropuertos.

Pregunta:

- ¿Podría Corea por favor brindar más información sobre el certificado de mecánico de mantenimiento en el extranjero?

Page 211, paragraph 4.255

Could Korea please provide more information about the overseas maintenance mechanic certificate?

ANSWER:

Those who have obtained aviation technician qualifications abroad can take the exam to convert to domestic qualifications. However, it should have been acquired in accordance with the standards set by the International Civil Aviation Organization(ICAO). Those who pass the exam can take the domestic qualifications. Details of the conversion procedure are stipulated in the test guide for airline workers' certification (notification by the Ministry of Land, Infrastructure and Transport).

COSTA RICA – ADDITIONAL QUESTIONS

Page 138, paragraph 3.223

3,223. All bidders who want to participate in the PPS tenders must register in its registry. For construction contracts under KRW 10 billion, a system for selecting eligible candidates is used. Offers "abnormally low or dumped" are rejected.³⁰⁵ The most advantageous bid award method is used for contracts exceeding KRW 10 billion: a pre-qualification evaluation is carried out to designate the winner, followed by a general evaluation of the bid price, performance and social responsibility. A pre-qualification system is also applied to determine which bidders meet the necessary conditions. Contracting entities can choose whether or not to use the pre-qualification system, but its use is mandatory for construction projects subject to the most advantageous bid award method. A pre-qualification list based on objective criteria is kept for each construction project.³⁰⁶ The results of the tender, including the bids, the pre-qualification evaluation and the award of the contracts, can be consulted on the KONEPS website (<http://www.g2b.go.kr>). As stated by the authorities at the time of the previous review, there are no special prequalification requirements or restrictions on foreign suppliers.

Offers are evaluated based on estimated prices prepared by the PPS. Those that exceed these estimates are excluded, as well as those below a certain level.

Question 1:

Could Korea please provide more information on the criteria used and the methodology applied to define the "estimated prices" that are prepared by the PPS, to identify "abnormally low or dumped" bids in construction works contracts?

[Answer]

In accordance with ENFORCEMENT DECREE OF THE ACT ON CONTRACTS TO WHICH THE STATE IS A PARTY, the term "estimated price" means a price calculated before determining a budget price so as to take the price as a criterion including for deciding a method to determine a winning bidder and deciding whether a contract shall undergo an international tendering procedure in making a contract for the procurement of goods, construction works, or services, etc.;

For a construction works contract below KRW10billion, an "eligibility screening system" is used. The best value award method (a pre-qualification system is mandatorily used) is used for a construction contract exceeding KRW10billion to determine a successful bidder. Hence, with these screening systems, "abnormally low or dumped" bids are rejected.

Page 141, paragraph 3.231

3,231. According to the available information, centralized procurement has proven beneficial in Korea to increase the transparency and efficiency of public procurement through the establishment of an electronic procurement system, mainly run by the PPS, with the possibility for various procuring entities to do so. use. However, it seems that there are doubts about the purchase price through the PPS and the level of commissions that the contracting entities pay to the PPS.³²¹ According to an evaluation of the PPS contracting system carried out by the OECD in 2015, the KONEPS contributes significantly to the efficiency and integrity of public procurement in Korea.³²² According to the OECD's Government at a Glance 2019 report, KONEPS offers the highest connectivity with external databases, as it is interconnected with more than 200.³²³ So far, the KONEPS has been exported to seven countries, including Viet Nam and Costa Rica. Between 2021 and 2023, the PPS would have to rebuild the current KONEPS to become Inno-KONEPS, based on digital technologies (for example, cloud computing, big data and artificial intelligence), to reduce the overlap of operations and the waste of public funds, as well as to improve public access to procurement information by integrating the respective local government contracting systems into Inno-KONEPS.

Question 2

Could Korea please provide more information on the doubts that have been raised about the purchase price through the PPS and the level of commissions that the contracting entities pay to the PPS?

[Answer]

PPS does only charge commissions to public user entities, not suppliers. And there is no link between purchasing prices and commissions.

DOMINICAN REPUBLIC**1 ENTORNO ECONÓMICO****1.2 Evolución económica reciente****1.2.4 Políticas estructurales****1.2.4.1 Reforma fiscal****Pág. 25**

Párrafo 1.12. "Durante el período examinado se emprendió una reforma fiscal en consonancia con los objetivos de política, en particular para hacer frente a los efectos de la pandemia de COVID-19 en la economía (recuadro 1.1, sección 3.3.1). La reforma de 2016 introdujo incentivos fiscales para revitalizar la economía (por ejemplo, en actividades de investigación y desarrollo, sectores que constituyen nuevos motores de crecimiento, tecnologías básicas, contenidos culturales -como películas y obras televisivas- e inversiones de capital de riesgo); aumentó las bonificaciones fiscales para los hogares de ingresos bajos y medianos, las pymes, los trabajadores autónomos y los pescadores/agricultores; mejoró la equidad fiscal e introdujo regímenes que eliminan los gravámenes o eximen de ellos en determinadas esferas (por ejemplo, impuesto sobre las plusvalías, base impositiva extraterritorial y paquetes de medidas fiscales para aumentar los ingresos de los hogares); y racionalizó el sistema fiscal en el marco de la revisión del Código Fiscal de 2016. En 2017 se adoptaron las siguientes medidas: revisión de los programas fiscales para promover la creación de empleo de calidad (por ejemplo, mediante una bonificación fiscal para las empresas que crean empleo); aumento de los impuestos aplicados a personas con ingresos elevados y reducción de impuestos para las personas de ingresos medios, los trabajadores y los pequeños empresarios; aumento del tipo del impuesto sobre sociedades a su nivel anterior para las grandes empresas que disponen de fondos suficientes; y mayor racionalización del régimen fiscal. En la reforma fiscal de 2018 se rediseñó y amplió el crédito del impuesto sobre la renta; se racionalizaron los gravámenes fiscales sobre la propiedad inmobiliaria; se ofrecieron mayores incentivos fiscales a las empresas que crean puestos de trabajo en determinadas zonas y se reforzaron las ayudas fiscales a las empresas que comiencen a operar en regiones en riesgo (exención del impuesto sobre las sociedades y el impuesto sobre la renta de las personas físicas); y se siguió racionalizando el régimen fiscal general (ajustando, por ejemplo, los impuestos aplicados a la hulla bituminosa y el gas natural licuado (GNL) en función de sus costos ambientales). Los elementos fundamentales de la reforma fiscal de 2019 fueron la introducción de ayudas fiscales para contribuir al dinamismo de la economía (por ejemplo, instalaciones para la mejora de la producción, red de seguridad pública, exención del impuesto sobre el consumo individual que grava los vehículos de pasajeros, gastos de investigación y desarrollo de los sectores que constituyen nuevos motores de crecimiento y tecnologías fuente); la mejora del régimen fiscal para apoyar a la clase trabajadora y media y las pymes y para respaldar la creación de empleo (empresas que contratan a trabajadores locales); el aumento de la equidad fiscal y de la transparencia de las fuentes de ingresos fiscales; y la mayor racionalización del régimen fiscal (por ejemplo, sanciones y multas administrativas por incumplimiento del deber de declarar las cuentas financieras en el extranjero y verificación del recargo tributario aplicado a las acciones de las grandes compañías por acciones)."

1. ¿Cuáles son los nuevos regímenes introducidos para mejorar la equidad fiscal?

Question 1. What are the new regimes introduced to improve tax equity?

[Answer]

The income tax rate on annual earnings exceeding KRW 1billion rose to the 45% by newly establishing a tax base section. In addition, the simplified tax system for value-added tax was reformed to ease the burden of the self-employed. By raising the threshold of simplified taxation, the number of simplified taxable person was greatly increased, and the threshold for payment exemption was also raised to KRW 48 million. Lastly, in order to support low-income households, expansion of Earned Income Tax Credit(EITC) in under consideration.

2. ¿En cuáles esferas se eliminó el gravamen?

Question 2. In which areas was the levy eliminated?

[Answer]

Although it differs for each system, tax support has been strengthened for the areas except for the overpopulated constraint district (Seoul, Incheon and other cities in Gyeonggi) according to the Seoul Metropolitan Area Readjustment Planning Act.

3. ¿Qué impacto tuvieron estas medidas en la reducción de la evasión fiscal?

Question 3. What impact did these measures have on reducing tax evasion?

[Answer]

Tax revenue was increased by strengthening institutional mechanisms to prevent offshore tax evasion, taxing evasion income, and reorganizing unnecessary non-taxation reduction and exemption systems.

4. ¿Cómo impactaron estas medidas en la clase media y pobre?

Question 4. How did these measures impact the poor and middle class?

[Answer]

The tax rate was raised mainly for high-income earners, such as the establishment of a tax base section of income tax rate on annual earnings exceeding KRW 1 billion and alignment of non-taxation and reduction on high-income household. The resources from this tax rate increase are being used to expand financial support for the middle class and the vulnerable, resulting in an effect of improving comprehensive income redistribution.

* Trend of Gini coefficient improvement rate in Korea (%): ('14)8.6 ('15)11.1 ('16)11.7 ('17)12.8 ('18)14.2 ('19)16.1

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Párrafo 1.13. "Además de las medidas fiscales adoptadas en el primer semestre de 2020 (recuadro 1.1, cuadro 1.1 y sección 3.3.1.1.2), en julio de 2020 se aprobaron otras medidas de reforma fiscal encaminadas a reducir la desigualdad y promover la recuperación económica de la pandemia de COVID-19, entre las que cabe mencionar la introducción de un nuevo tramo para el tipo máximo del impuesto sobre la renta y de desgravaciones fiscales para las pequeñas empresas. Estas reformas se llevaron a cabo mediante la aprobación de modificaciones de la legislación fiscal el 30 de noviembre de 2020; los decretos y reglamentos de aplicación correspondientes se promulgaron y entraron en vigor en febrero y marzo de 2021. En cuanto a la imposición personal, se introdujo un nuevo tramo para el tipo máximo del impuesto sobre la renta para los ingresos anuales superiores a KRW 1.000 millones; el nuevo tipo impositivo es del 45% (frente al anterior tipo del 42% aplicado a los ingresos anuales superiores a KRW 500 millones). Este nuevo tramo empezó a aplicarse el 29 de diciembre de 2020 (revisión del artículo 55 1) de la Ley del Impuesto sobre la Renta). En lo que afecta a las empresas, se amplió el procedimiento simplificado de presentación de las declaraciones tributarias y se eximió del IVA a las empresas cuyas ventas anuales sean inferiores a KRW 48 millones. Las modificaciones relacionadas con el IVA entraron en vigor el 22 de diciembre de 2020 (modificación del artículo 69 1)). El impuesto sobre las plusvalías, que a partir del 1 de enero de 2023 gravará con un tipo del 20% los beneficios derivados de transacciones de acciones cotizadas en bolsa superiores a KRW 50 millones, fue modificado el 29 de diciembre de 2020."

5. ¿Cuál ha sido el impacto del aumento del ITBIS en 3 puntos porcentuales?

Question 5. What has been the impact of increasing the ITBIS by 3 percentage points?

[Answer]

Considering the growing difficulties of the low-income class due to the continued COVID-19, the top income tax bracket for personal income was raised as part of strengthening social solidarity by overcoming the COVID-19 crisis. The tax burden has been limited to super-high income earners who have relatively little impact from COVID-19 and can afford to pay taxes.

6. ¿Cuál es la posición de la sociedad y el sector privado acerca de este aumento?

Question 6. What is the position of society and the private sector regarding this increase?

[Answer]

There were both pros and cons on the increase in the top income tax bracket for personal income, but the revision to the income tax law, including an increase in the income tax rate, was passed through the National Assembly discussion process.

7. ¿Cuál fue el impacto de estas nuevas medidas en las recaudaciones, especialmente en el impuesto sobre la renta?

Question 7. What was the impact of these new measures on collections, especially income tax?

[Answer]

It is estimated that KRW 0.9 trillion in tax revenue will increase due to the increase in the top income tax bracket for personal income.

1.2.4.4 Gobernanza empresarial y costo del capital**Pág. 27**

Párrafo 1.17. "La buena gobernanza empresarial contribuye al desarrollo económico sostenible, al potenciar los resultados de las empresas y darles mayor acceso al capital exterior.⁴⁶ Algunos de los cambios que tuvieron lugar en este ámbito durante el período examinado fueron la eliminación del "sistema de votación en la sombra". (2018), la creación de un sistema electrónico de registro de valores (2019), la revisión de reglamentación de la Comisión de Servicios Financieros (FSC) relativa al balance consolidado de las empresas que cotizan en la Bolsa de Valores de Corea (KRX) y la publicación de las directrices de la KRX sobre divulgación de información relativa a la gestión empresarial (2019). Dado que el brote de COVID-19 impediría a muchas empresas (en especial, aquellas que tienen filiales en China u operan en zonas sometidas a un control especial de enfermedades infecciosas) cumplir los plazos de presentación de informes financieros, las autoridades anunciaron que quedarían exentas de las sanciones administrativas previstas aquellas empresas que no pudieran presentar en plazo sus estados financieros o informes de empresa a causa de cuestiones relacionadas con la pandemia. El plazo se prorrogó hasta el 31 de agosto de 2020. Pese a los esfuerzos por reformar las prácticas empresariales de los grandes conglomerados, su posición dominante sigue reflejándose en la gobernanza empresarial y contribuye al llamado "descuento coreano" (10%-40% menos en 2010), es decir, la cantidad que los inversores restan al valor de las acciones coreanas debido a que consideran que el riesgo de invertir en Corea es más alto que en otros países. Cuando se realizó el examen anterior, las autoridades señalaron que esta relación de causalidad era dudosa. Según un estudio de 2019, la relación precio-beneficio de las acciones coreanas es, por término medio, considerablemente inferior (30%) a la de las acciones de los mercados desarrollados y emergentes, así como a la de las de la región de Asia y el Pacífico; este fenómeno generalizado afecta a la mayor parte de las acciones coreanas.⁴⁹ El descuento afecta al parecer tanto a los grandes conglomerados como a los conglomerados de menor tamaño. Se ha informado de que el descuento de los grandes conglomerados es considerablemente inferior al de otras empresas coreanas, lo que podría deberse al hecho de que su reputación y visibilidad internacionales inducen a los inversores a considerarlas de un modo distinto a las empresas coreanas menos conocidas."

8. ¿Qué medidas exactas han tomado para promover la competencia de mercado?

Question 8. What exact steps have you taken to promote market competition?

[Answer]

The KFTC actively corrects abuse of dominance, cartels, and anti-competitive M&As that hinder competition in the market, and cooperates with other ministries to improve regulations of other ministries that restrict competition.

9. ¿Cuáles son los sectores priorizados en estas políticas?

Question 9. What are the priority sectors in these policies?

[Answer]

The KFTC prioritizes law enforcement and system improvement to create a market environment that promotes competition in new industries, new technologies, and areas closely related to people's lives such as health and safety.

2.5 Acuerdos y arreglos comerciales**2.5.2 Acuerdos regionales y preferenciales****2.5.2.3 ACR con el Reino Unido****Pág. 48**

Párrafo 2.58. "Anteriormente, la relación comercial preferencial del Reino Unido con Corea se regía por el ACR entre los dos países. El ACR bilateral entre Corea y el Reino Unido establece una zona de libre comercio para el comercio de mercancías y de servicios, así como compromisos en materia de obstáculos técnicos al comercio, medidas sanitarias y fitosanitarias, aduanas y facilitación del comercio, protección de los derechos de propiedad intelectual, contratación pública, competencia y transparencia, comercio y desarrollo sostenible, solución de diferencias y mecanismos de mediación, entre otras cosas."

10. ¿Cómo es el funcionamiento de las zonas libres de comercio para el comercio de servicios?

Question 10. How does the free trade zones for trade in services work?

[Answer]

There are two types of liberalization modes for opening up the service market. If the mode of liberalization is positive, the Parties prepare a list of specific commitments. If the mode of liberalization is negative, the Parties prepare a list of reservation.

2.6 Inversión extranjera directa

2.6.3 Incentivos a la IED

2.6.3.2 Donaciones en efectivo

Pág. 55

Párrafo 2.82. "Según el KOTRA, las donaciones en efectivo a empresas con inversión extranjera fueron objeto de revisión en 2019. El Gobierno amplió el derecho a recibir donaciones en efectivo para abarcar a las industrias de alta tecnología, de conformidad con la Ley de Desarrollo Industrial (artículo 5) y el Aviso Público N° 2019-121 del MOTIE, publicado el 26 de julio de 2019 (que entró en vigor en 2020)."

11. ¿Cuánto representaron estas donaciones en el PIB en 2019 y 2020?

Question 11. How much did these donations represent in GDP in 2019 and 2020?

[Answer]

Cash grants only represent insignificant portion compared to GDP, thus no substantial number can be calculated.

* (in reality) 0.00031% of GDP in 2019, 0.00142% in 2020.(based on executed cash grants)

3 POLÍTICAS Y PRÁCTICAS COMERCIALES, POR MEDIDAS

Pág. 59

Párrafo 3.3. "Corea se reservó la opción de restringir o supervisar determinadas exportaciones para asegurar un abastecimiento interno adecuado; en respuesta a las necesidades de la pandemia de COVID-19, impuso una prohibición temporal a la exportación de determinados productos sanitarios. Por otra parte, se han mantenido las subvenciones directas a la exportación para reducir los costos de comercialización de ciertos productos agrícolas. Mediante un sistema de devolución se han seguido reintegrando los impuestos en frontera sobre las materias primas utilizadas en las exportaciones, al tiempo que se reembolsan los impuestos indirectos internos aplicados a las exportaciones. A partir de 2019 se suprimió la exención del impuesto sobre las sociedades aplicable a las empresas de inversión extranjera situadas en zonas francas. Los exportadores siguen beneficiándose de la financiación, los seguros y las garantías proporcionados por las instituciones públicas."

12. ¿Cuánto representan estos productos del total exportado en 2020 versus años anteriores?

How much do these products represent of the total exported in 2020 versus previous years?

[Answer]

Among the health products regulated by the MFDS, export restriction due to COVID-19 was imposed only on filtering respirators and surgical masks. For reference, only in 2020 did it become mandatory to report export volumes of quasi-drugs. Export data prior to 2020 is therefore not available. (Exports of filtering respirators and surgical masks recorded 288 million dollars in 2020.)

In 2020, an export control measure was put in place for filtering respirators and surgical masks. On February 6, 2020, export of filtering respirators and surgical masks was restricted to 10 per cent of the daily production volume, and later on March 6, 2020, export of filtering respirators and surgical masks was practically banned. Subsequently, export restrictions began to be gradually relaxed. Finally, the filtering respirators and surgical masks export control was lifted on October 23, 2020.

3.2 Medidas que afectan directamente a las exportaciones

3.2.5 Financiación, seguro y garantías de las exportaciones

Pág. 90

Párrafo 3.90. "La Corporación de Seguros de Comercio de Corea (K-SURE, antes conocida como KEIC), entidad estatal dependiente del MOTIE, sigue proporcionando seguros del crédito a la exportación para cubrir el riesgo de impago (Ley de Seguros de Comercio a la Exportación de 1968),

y en el período objeto de examen prestó apoyo especialmente a las pymes. La K-SURE promueve las exportaciones asegurando contra los riesgos para los que no pueden obtenerse seguros privados y, según las autoridades, trata de fomentar la igualdad de condiciones para el apoyo oficial, a fin de fomentar la competencia entre los exportadores sobre la base de la calidad y el precio de los bienes y servicios exportados. La K-SURE proporciona seguros de exportación para cubrir las pérdidas derivadas de riesgos políticos y comerciales y pólizas de seguro de facturación total, con un descuento del 50% en el caso de ciertas pólizas. Sigue ofreciendo 13 tipos diferentes de seguros para la exportación y 2 tipos de garantías, pero la mayor parte de los seguros siguen tomando la forma de seguros de corto plazo. La cobertura máxima del seguro de exportación a medio y largo plazo es, en principio, del 85% del valor del contrato, de conformidad con las Directrices de la OCDE relativas a los créditos a la exportación concedidos con apoyo oficial. Durante el período objeto de examen, la K-SURE llevó a cabo, entre otras, las siguientes actividades: introdujo un seguro de red de seguridad de las exportaciones (2016), el seguro Power Plus+ (2017), y la garantía del crédito a la exportación (previo a la expedición) y la garantía del crédito a la exportación (negociación) basadas en un contrato (2019); abrió nuevas oficinas de representación (en Ciudad de México y Dubai (2016), Chengdu (2018), y Hanoi (2019)); alcanzó KRW 47,9 billones (2017) y KRW 52 billones (2018) en forma de apoyo a las pymes; abrió un centro de consultoría (Trade Sure Consulting Center) para apoyar las exportaciones de las pymes (2018); y abrió un centro de investigación en línea K-SURE que ofrece información sobre empresas, industrias y países extranjeros (2018). Para hacer frente a las previsiones de una caída de las exportaciones en 2020 debido a la pandemia de COVID-19, la K-SURE se centró en reforzar la ayuda para avanzar en nuevos mercados e industrias innovadoras, fortalecer la competitividad de las pymes, implantar infraestructura de tecnología financiera y mejorar la satisfacción de los clientes. El volumen (de negocio) de seguros de la K-SURE descendió hasta KRW 144,8 billones y aumentó progresivamente hasta KRW 155,8 billones en 2019, sin alcanzar su nivel de 2014; la parte de ese volumen correspondiente a las pymes aumentó de manera constante, pasando del 28,3% en 2016 al 36,1% en 2019. El total de exportaciones aseguradas por K-SURE representaba el 21,7% (22% en 2016) de las exportaciones totales y el 91% (88% en 2016) de las exportaciones cubiertas por seguros a corto plazo."

13. ¿Cuáles son los requisitos para las PYMES acceder al seguro de crédito a la exportación en Corea?

Question 13. What are the requirements for SMEs to access export credit insurance in Korea?

[Answer]

First, the SMEs should get credit assessment from K-SURE. If they do not meet K-SURE's credit rating standards, their use of export insurance is restricted.

14. ¿Existe una alguna facilidad o flexibilidad especial para promover el acceso de las PYMES al seguro de crédito a la exportación?

Question 14. Is there any special facility or flexibility to promote the access of SMEs to export credit insurance?

[Answer]

To promote the access of SMES to export credit insurance, K-SURE has been

- (1) operating exclusive products for SMEs,
- (2) putting more active promotion of the export insurance system by various ways such as holding a briefing session on trade insurance system, and
- (3) providing TRADE-SURE consultation.

15. ¿Cómo es financiada la figura del seguro de crédito a la exportación en Corea?

Question 15. How is the figure of export credit insurance financed in Korea?

[Answer]

The figure stood at 155.8 trillion KRW in 2019 and 165.1 trillion KRW in 2020.

3.3 Medidas que afectan a la producción y al comercio

3.3.1 Incentivos

3.3.1.2.2 Incentivos extrafiscales

3.3.1.2.2.2 Otras ayudas

Pág. 104

Párrafo 3.131. "En virtud de la Ley de Asistencia a las Empresas Coreanas en el Extranjero en materia de Repatriación, de 2013 (modificada por la Ley Nº 16805, de 10 de diciembre de 2019), las denominadas empresas "U-Turn" disfrutan de diversos beneficios fiscales y no fiscales. El impuesto sobre las sociedades y el impuesto de la renta se reducen en proporción a la disminución de las ventas de las operaciones en el extranjero durante cinco a siete años, y la inversión en instalaciones y equipos se subvenciona sin especificar sectores, empresas y regiones. Las pymes pueden disfrutar de incentivos al empleo durante dos años. Las empresas también pueden estar sujetas a límites preferenciales de garantía de los fondos de garantía fiduciaria, los fondos de garantía tecnológica y los fondos de garantía comercial, al tiempo que reciben subvenciones para la construcción de fábricas inteligentes. Con la modificación de la Ley efectuada en 2019, la ayuda se amplió a las empresas de servicios informáticos y de información y comunicaciones. Las empresas con sede fuera de las áreas metropolitanas pueden optar a reducciones en los alquileres a largo plazo (de 50 años) y a la autorización para ejecutar contratos privados. Con el fin de dar cabida a las empresas que solicitan las calificaciones U-Turn, el KOTRA presta desde 2019 servicios de ventanilla única para ayudar a recibir y enviar los formularios de solicitud."

16. ¿Pueden detallar los resultados de estos incentivos?

Question 16. Can you detail the results of these incentives?

[Answer]

Since companies reshore for various reasons, it is difficult to say exactly as a results of these incentives.

3.3 Medidas que afectan a la producción y al comercio

3.3.6.3 Servicio de Contratación Pública

Pág. 138

Párrafo 3.222. "Corea ha concentrado cada vez más esfuerzos en la contratación centralizada (véase infra).³⁰⁰ Una parte importante de la contratación del Gobierno Central, los Gobiernos locales y las empresas públicas es llevada a cabo por el organismo central de contratación, el Servicio de Contratación Pública (PPS). Los organismos del Gobierno central deben recurrir al PPS para adquirir bienes y servicios por valor igual o superior a KRW 100 millones; el umbral para los bienes y servicios extranjeros sigue siendo de más de USD 200.000.³⁰¹ Por debajo de ese límite, cada organismo oficial puede llevar a cabo directamente su propia contratación. Todas las demás instituciones públicas, incluidas las empresas estatales, pueden contratar bienes y servicios directamente o a través del PPS. Los Gobiernos locales están autorizados a contratar bienes y servicios de forma independiente y a realizar contrataciones en el extranjero; sin embargo, en el caso de obras de construcción cuyo valor estimado supera los KRW 10.000 millones, el PPS revisa la base del cálculo de costos del presupuesto de construcción antes de que se inicie el procedimiento de licitación, a fin de evitar posibles despilfarros del presupuesto. Las funciones principales del PPS siguen siendo las siguientes: suministrar bienes y servicios para uso oficial; contratar y gestionar las obras públicas; mantener reservas de 15 materias primas esenciales y materiales de construcción para garantizar la estabilidad de los precios y el abastecimiento; coordinar y dirigir la auditoría de la gestión de los bienes públicos muebles e inmuebles; y administrar el Sistema Electrónico de Contratación en Línea de Corea (KONEPS)."

17. ¿Está considerando el gobierno de Corea utilizar un sistema distinto al actual (licitación internacional) para el suministro de metales básicos (aluminio, cobre, plomo, cinc, estaño y níquel)?

Question 17. Is the Korean government considering using a different system than the current one (international bidding) for the supply of base metals (aluminium, copper, lead, zinc, tin and nickel)?

[Answer]

PPS is not considering the use of the different system to stockpile the mentioned base metals

DOMINICAN REPUBLIC – REVISED ANSWERS**2.6 Inversión extranjera directa****2.6.3 Incentivos a la IED****2.6.3.2 Donaciones en efectivo****Pág. 55**

Párrafo 2.82. "Según el KOTRA, las donaciones en efectivo a empresas con inversión extranjera fueron objeto de revisión en 2019. El Gobierno amplió el derecho a recibir donaciones en efectivo para abarcar a las industrias de alta tecnología, de conformidad con la Ley de Desarrollo Industrial (artículo 5) y el Aviso Público N° 2019-121 del MOTIE, publicado el 26 de julio de 2019 (que entró en vigor en 2020)."

11. ¿Cuánto representaron estas donaciones en el PIB en 2019 y 2020?**Answer**

The amount of total cash grants for foreign-invested firms represent for insignificant portion of GDP, only about 0.00031% in 2019 and 0.00142% in 2020.

3.3 Medidas que afectan a la producción y al comercio**3.3.1 Incentivos****3.3.1.2.2 Incentivos extrafiscales****3.3.1.2.2.2 Otras ayudas****Pág. 104**

Párrafo 3.131. "En virtud de la Ley de Asistencia a las Empresas Coreanas en el Extranjero en materia de Repatriación, de 2013 (modificada por la Ley N° 16805, de 10 de diciembre de 2019), las denominadas empresas "U-Turn" disfrutaban de diversos beneficios fiscales y no fiscales. El impuesto sobre las sociedades y el impuesto de la renta se reducen en proporción a la disminución de las ventas de las operaciones en el extranjero durante cinco a siete años, y la inversión en instalaciones y equipos se subvenciona sin especificar sectores, empresas y regiones. Las pymes pueden disfrutar de incentivos al empleo durante dos años. Las empresas también pueden estar sujetas a límites preferenciales de garantía de los fondos de garantía fiduciaria, los fondos de garantía tecnológica y los fondos de garantía comercial, al tiempo que reciben subvenciones para la construcción de fábricas inteligentes. Con la modificación de la Ley efectuada en 2019, la ayuda se amplió a las empresas de servicios informáticos y de información y comunicaciones. Las empresas con sede fuera de las áreas metropolitanas pueden optar a reducciones en los alquileres a largo plazo (de 50 años) y a la autorización para ejecutar contratos privados. Con el fin de dar cabida a las empresas que solicitan las calificaciones U-Turn, el KOTRA presta desde 2019 servicios de ventanilla única para ayudar a recibir y enviar los formularios de solicitud."

16. ¿Pueden detallar los resultados de estos incentivos?**Answer**

Since companies reshore for various reasons such as cost-efficiency factors, local market factors or strategic necessity of the enterprise, and since the incentive are not as critical a factor for firms to reshore, it is difficult to say exact results of the incentives. However, by providing such incentives, we support reshoring firms to re-locate in Korea successfully, and thus activate local economies by boosting employment, for instance.

ECUADOR

In accordance with page 28, paragraph 1.18, in relation to countervailing subsidies to SMEs

1. Could Korea tell us what these countervailing subsidies consist of, if they apply to all SMEs or are they targeting a certain group of SMEs?

[Answer]

Korea's Subsidies for Employment Promotion are largely divided into Subsidy for Job Creation and Subsidy for Employment Stability. The former grants subsidies to the employers who have increased the number of employees by hiring the unemployed among the vulnerable groups, and the latter is for the employers who have retained employment by working hour reduction, or converted non-regular workers to regular status. These incentives differ in the payment period or amount by the size of business, but do not target a certain group of SMEs.

2. What requirements must they meet to benefit from this grant? Are they companies that sell products for the local or export market?

[Answer]

Requirements for these subsidies include the aforementioned eligibilities such as new employment of the vulnerable groups, employment retention, and converting non-regular workers into regular ones; irrespective of selling products for the local or export market.

3. How is this compensation linked to the labor market policy referred to in the Secretary's report?

[Answer]

Subsidies for Employment Promotion are fundamental programs of Active Labor Market Policies to reduce labor market duality. These programs aim to improve labor market outcomes including promoting the employment of the vulnerable, operating flexible working arrangements, and enhancing employment stability

4. Could Korea inform us what measures are taken in favour of companies to save this increase in net costs?

[Answer]

Regulations that fall under the scope of the CICO(Cost-in, Cost-out) system are new and amended regulations that impose a cost burden on companies, SMEs and private business.

In case of facing with difficulties in deregulatory actions for every regulatory action, the CICO system has adopted the applicability assessment of the cost management system and the cost banking system of central administrative agencies through cost analysis verification. Central administrative agencies are mandatory to submit the total cost through CICO system to the Regulatory Reform Committee (RRC) biannually and publish officially, which is evaluated in terms of government's performance.

5. Are companies that must adopt technical regulations included in these compensations?

[Answer]

There is no compensations to the specific company in regarding with cost offset, which is a kind of criteria for reviewing regulations required when establishing a new regulation or reinforcing existing regulations.

6. Are there minimum compensation values or are all the costs identified in the regulatory impact assessments covered?

[Answer]

There is no compensations to the specific company in regarding with RIA, which is a tool for judging for regulatory validity by using objective and scientific methods to predict and analyse the diverse effects of regulation on peoples' daily lives and on society, economy and government administration.

According to page 70, paragraph 3.34, the alternative duties would be non- *ad valorem* . As can be seen in Table A3.2, an *ad valorem* or specific customs *duty* is established for the products indicated there. In relation to what was stated by the Secretariat: "Korea applies the highest component

(agricultural products) or the lowest component (the other items), that is, an *ad valorem duty* or a specific duty, and consequently the alternative *ad valorem rate*. constitutes the minimum or maximum rate of the import duty ":

7. Could Korea inform us how, between the *ad valorem* and specific component, the charge is defined for agricultural products and if there is any specific variable that helps with that definition?

[Answer]

In case of alternative duties on some agricultural products, "whichever is the greater/higher" rule is applied.

8. Is the value of the imported merchandise considered for the same definition?

[Answer]

In case of imported merchandise under chapters 37 and 38 which includes cinematographic film, it is slightly different from other alternate duties applied to agricultural products. The taxpayer can choose whatever they prefer, but most of them adopt "lower rule" since the Korean authorities indicated that no specific regulations of application of alternate duties existed for imported merchandise.

9. In relation to AVEs, what actions could Korea implement to prevent the consolidated ceilings of the product in question from being exceeded, by choosing one of the components of the alternative tariff that would be applied to the prices of imported agricultural goods?

[Answer]

Korea applies ad-valorem tariffs which are allowed under WTO agreements.

Footnote 39 indicates that "... specific regulations on the application of the upper or lower component of alternative duties for manufactured products remain to be developed; therefore, taxpayers are free to choose the component to apply"

10. In the case of agricultural goods: Could we proceed in the same way?

[Answer]

No. In case of alternative duties on some agricultural products, "whichever is the greater/higher" rule is applied

11. In case of a negative answer: What would be the reasons for the taxpayer not being able to use that alternative?

[Answer]

The application of the tax rate is stipulated in the Customs Act.

Pursuant to page 75, paragraph 3.48: "Imported inputs for certain uses may be exempted from customs duties under the 'based on use' rate regime (Article 83 of the Customs Law)".

12. Could Korea inform us how the products that would benefit from the autonomous tariff quotas are defined and if it is established under an MFN regime, that is, regardless of the origin of the goods?

[Answer]

Usage tariff allows a lower tax rate to be applied in consideration of the purpose of the usage of goods in accordance with Article 83 of the Customs Act. Therefore, MFN applies regardless of country of origin.

13. Could Korea inform us what actions are taken to avoid eroding concessions granted to products originating in a country with which a trade agreement is maintained?

[Answer]

Since a lower tax rate than the concession rate is applied, there is no concern about concession erosion

In accordance with page 77, paragraph 3.52, regarding the mechanism for allocating quotas to State trading companies and what was stated by the Secretariat: "State trading companies impose additional price increases on various products in addition to the tariff within the quota"

14. Could Korea inform us how this measure, based on price issues, would fulfill the purpose or principle of granting minimum access to products covered by tariff quotas?

[Answer]

For TRQ items to be imported and distributed in the domestic market, essential costs including shipping, unloading and temporary storage are incurred. The markups mostly include those costs. Markups are charged based on the WTO rules and domestic regulations such as "the Grain Management Act" etc. The markup system is objectively administered in accordance with these regulations

15. Could Korea inform us to which items this price increase would correspond?

[Answer]

Korea administers its markup system for TRQ items based on domestic regulations such as "the Grain Management Act" etc.

6 items were charged with markups in 2019, namely soybeans, adzuki beans, mung beans, buckwheat, sesame and potatoes. Relevant information can be found in the notification of state trading enterprises(G/STR/N/18/KOR)

16. Would this measure, which would affect the price of a merchandise imported under tariff quotas, contemplate the principle of national treatment when referring to merchandise that is similar or directly competitive with domestically produced merchandise?

[Answer]

Agricultural products, both imported through TRQ system or locally grown, incur costs during distribution stage as they go through steps including shipping, distribution and storage. Consequently, markups include essential costs involving transport, unloading and temporary storage of TRQ agricultural products.

A markup system is allowed by the WTO rules and the system is objectively administered based on domestic regulations such as "the Grain Management Act". Thus, the system does not discriminate between imported and domestic products.

Pursuant to page 80, paragraph 3.60: "... the authorities noted that since Korea continued to impose an in-quota tariff of 5% after tariffication, the application of a 513% out-of-quota tariff would not affect that ratio. ; most rice imports are made within the quota "

17. Could Korea inform us if this tariff corresponds to an additional value to the intra-quota duty, as stated by the Secretariat?

[Answer]

From 1995 to 2014 before rice tariffication, Korea imposed a 5% of tariff on the MMA quantity. After tariffication in 2015, Korea imposes an in-quota tariff of 5% and thus there is no additional value to the intra-quota duty

The in-quota tariff of 5% for rice and out-of-quota of 513% were newly established in 2015 through the WTO process.

18. If so, what would that item correspond to?

[Answer]

Korea has imposed an in-quota tariff of 5% and out-of-quota tariff of 513% for rice and rice-related items composed of 16 tariff lines

For information, the MMA tariff of 5% during the period of 1995 to 2014 was same as the in-quota tariff of 5% today. There is no additional value to the intra-quota duty

19. Would the measure be different from the increase in additional prices in addition to the in-quota tariff, cited by the Secretariat regarding the administration of the quota by state trading companies (page 77, paragraph 3.52)?

[Answer]

Korea's tariff by item was established through consultations between WTO members and stipulated in the WTO schedule. On the other hand, imposing markups is authorized in writing by the WTO and managed transparently under the relevant domestic regulations. Thus, markups include shipping and storage costs of items, subject to dual tariff pursuant to WTO rules, for their distribution in the domestic market. There is no additional value to the intra-quota duty

Pursuant to page 93, paragraph 3.96, regarding the inflation-linked tax rates for takju and beer marketed for sale or declared for import after March 1, 2021 are set using a specific formula [base rate as of December 31 of the previous year \times (1 + rate of increase of the consumer prices of the previous year announced by the Commissioner of Statistics Korea)]:

20. Could Korea inform us if this rate of increase excludes currency fluctuation from the calculation for imported products?

[Answer]

The rate of increase does not directly reflect currency fluctuation.

21. How is the tax assessment carried out for that case?

[Answer]

Pursuant to the answer of 30-20, the case does not exist.

In accordance with page 116, paragraph 3.165, in relation to the three categories of MRLs contained in the Korean Food Code:

22. Could Korea inform us if these categories refer to MRLs established by relevant international organizations, such as FAO's *Codex Alimentarius*, for example?

[Answer]

Korea establishes MRLs based on data submitted by applicants and in the process, international standards such as Codex Alimentarius are considered.

23. From which countries are the residue data generally taken to set tolerances, as described in category "ii) import tolerances based on third country residue data"?

[Answer]

Import tolerances are established based on the submitted data of pesticides, which is approved for use in the exporting country. The direct quote of "ii) import tolerances based on third country residue data" means residue data from tests conducted in countries in which the relevant pesticide is legally used.

24. When an MRL is set, is there an implementation period for trading partners that must comply with the measure?

[Answer]

Changes in MRLs are notified to WTO member states in advance of implementation, and generally a 60-day period is given to trading partners for comments, inquiry and compliance.

25. Countries that could be affected by these limits, are they considered in the process of establishing MRLs?

[Answer]

Korea establishes MRLs based on data submitted by applicants. If the MRLs need to be adjusted in order to minimize possible trade concerns, trading partners may file an application for import tolerance and have the MRLs re-evaluated.

EUROPEAN UNION

WT/TPR/G/414 – Government report

3 ECONOMIC POLICY

3.3 Sectoral Policies

3.3.1 Agriculture and Fisheries: Implementation of the Agreement on Agriculture and Systemic Management of Fisheries Resources

Paragraph 3.7, page 6: The report describes the "New Direct Payment Program", revising the existing direct payment system including the "Rice Income Compensation Scheme." The programme separates qualifications for direct payment from the production or prices of agricultural products, removing possible distortion in the market and trade. The new programme also contributes to sustainability and multifunctionality of agriculture - such as the conservation of the environment and rural landscape - as farmers who receive direct payments are required to comply with more stringent obligations concerning the environment, safety, and community.

EU question 1: Could Korea provide details of these more stringent criteria concerning environment, safety, and community?

ANSWER:

The New Direct Payment Program has five criteria consisting of 17 requirements, and some requirements are as below;

- a. Environmental performance: water quality managements, prevent nutrient runoff
- b. Ecosystem protection: landscape and biodiversity conservation, pest management
- c. Community activities: support rural community activities, farm waste management
- d. Food safety: safe use of pesticides and harmful substances
- e. Institutional requirements: farm record keeping, complete compliance training

Producers who fail to comply will be given payment with 10% reduction by each compliance.

3.3.2 Manufacturing: Becoming a Strong Industrial Powerhouse

Paragraph 3.15, page 7: The report mentions that "to reduce pollutants produced at manufacturing sites, the Korean Government introduced a total of 98 clean factories and designated around 50 products for remanufacturing by 2020". The report also refers to the plan regarding "Visions and Strategies for Industrial Transformation to Achieve Carbon Neutrality by 2050."

EU question 2: Could Korea be more specific about the role of the Korean Government in "introducing" clean factories, the way the chosen products were designated and what exactly is meant by "remanufacturing"? Could Korea provide more information on the main measures of "Visions and Strategies for Industrial Transformation to Achieve Carbon Neutrality by 2050."?

ANSWER:

The role of the Korean Government in "introducing" clean factories operates supporting programs for process analyses and R&Ds to apply Cleaner Production to manufacturing company.

Remanufacturing refers to industrial activities in which products are recovered after use and return them to their original performance or higher performance through processes such as disassembly, washing, inspection, repair, adjustment, and reassembly. Products (or parts) for remanufacturing are designated under the consultation with the Ministry of Trade, Industry and Energy and the Ministry of Environment in consideration of environmental and economic performance.

3.3.3 Energy: Achieving Sustainable Growth and Enhancing Quality of Life through Energy Transition

Paragraph 3.19, page 7-8: The report mentions the "5th Master Plan for New and Renewable Energy".

EU question 3: Could Korea provide the references of the original document, as well as an English version, if available?

ANSWER:

The original text (Korean version) can be shared at any time, and the English version will be shared later when it is prepared.

Paragraph 3.21, page 8: In October 2020, Korea pledged to achieve carbon neutrality by 2050 and announced the 2050 Carbon Neutral Strategy in December 2020.

EU question 4: Could Korea provide information on how it plans to advance this objective and what impact this policy would have on its trade policy?

ANSWER:

A detailed carbon-neutral action plan by 2050 has not been decided, so there is a limit to answering the specific impact on trade policy.

However, it is true that the need to re-establish the existing trade paradigm centered on quantitative expansion is growing.

The policy direction for so-called green trade, which requires a balance between the value of the environment and the growth of trade scale, is expected to increase.

In particular, carbon neutrality can become a new regulation for small and medium-sized enterprises (SMEs) with relatively limited financial resources or information.

Therefore, in preparation for the implementation of the carbon-neutral goal, the main goal of future trade policy is to enhance the capability of exporting SMEs and SMEs from the product design stage to comply with procedures to achieve the carbon-neutral goal and use it as an opportunity to expand their entry into the global market.

3.3.4 Services: Building the Foundation for Trade in Services

Paragraph 3.23, page 8: However, unlike trade in goods, it is difficult to clearly identify the status of exports and imports in services, as these do not go through customs procedures. The Bank of Korea has been announcing the volume of trade in services in the form of balance of payments (service balance) based on foreign exchange transaction data collected from foreign exchange banks. However, there is no clear distinction between different types of businesses and sectors, creating difficulties for analysing relevant data and establishing trade policies. To gain a clear and detailed understanding of the exact export volumes, trends, and major export destinations of emerging service businesses, Korea has started developing statistics on trade in services and is now cooperating with relevant government agencies and organizations.

EU question 5: Korea's efforts with developing new methods for understanding trade in services statistics seems to address an issue of great interest to many Members. Could Korea provide some examples of the solutions identified so far?

ANSWER:

Discussion is undergoing to improve trade in service statistics with related agencies, but nothing has been specified so far.

4 TRADE AND INVESTMENT POLICY

4.1 Multilateral Trade Cooperation

4.1.2 Cooperation through Multilateral Fora including the APEC

Paragraphs 4.6, page 9; paragraph 4.20, page 10; and Secretariat report paragraphs 4.7, page 139 and paragraph 4.279, page 187: Korea currently applies a general prohibition of all alcohol sales through the internet with two exceptions applying to domestic products. Sales of Korean traditional liquor are allowed through online platforms run by public institutions, such as the postal service and those promoting exports. Besides, licensed restaurants may sell and deliver beer in conjunction with food sales.

EU question 6: Could Korea indicate if there are plans to modify ecommerce regulatory framework to allow the sale of all alcoholic beverages, domestic and imported? If no plans to change, could Korea explain how the current ecommerce rules for alcoholic beverages fulfil GATT Article III.4?

ANSWER:

There are no plans to revise regulations on telecommunications sales of alcoholic beverages this year. Regarding GATT Article 3.4, traditional liquor and imported liquor are not like products, and they are not competitive in domestic liquor market due to the difference of price and manufacturer.

Related to sales through online platforms, only Korean traditional liquor is differently treated comparing with non-traditional liquor including both domestic and imported liquor. Like imported alcoholic beverages, other domestic liquor also cannot be sold online.

To be specific, as of 2019, the price of released traditional liquor is around 0.5% cheaper than the average price of released total liquor, and the traditional liquor is differentiated from imported liquor in the sense that it is manufactured by special manufacturers (such as intangible cultural properties holders or Korean food masters).

4.2 Regional and Bilateral Trade Cooperation

4.2.2 New Southern and New Northern Policies

Paragraphs 4.29-31, page 12: New Southern and New Northern Policies.

EU question 7: Could Korea provide its assessment of the New Southern Policy in view of achieving mutual prosperity with ASEAN countries and India over the past few years. As for the New Northern Policy, could Korea provide the envisaged timeline for finalising the agreement for services and investment with Russia; and if it would provide for any WTO-plus elements and provisions. Could Korea also explain the envisaged timeline for concluded an FTA with the Eurasian Economic Union?

ANSWER:

Since announcing the New Southern Policy in 2017 centering on '3P' (People, Prosperity and Peace), Korea has enhanced cooperation across diverse areas including human resources, culture, economy, and diplomatic security. In the economic sector, Korea has expanded its FTA network via RCEP as well as bilateral FTAs with ASEAN countries including Indonesia and Cambodia. In addition, Korea has made efforts at enhancing supply-chain connectivity and increasing investments by supporting business activities through technological exchanges via ODAs, strengthening business networks and establishing communication channels between local governments. As a result, from 2016 to 2020, the trade volume between Korea and ASEAN increased by 21% while Korea's investment in ASEAN rose by 82.8%.

Since launching Services and Investment negotiations with Russia in 2019, Korea is engaging in negotiations with a view to reaching WTO-plus agreement. However, due to the challenges posed by the COVID-19, it is difficult to project the timeline for finalizing the agreement. As for the EAEU, Korea completed Joint Study with the EAEU and have not launched negotiations yet.

4.3 Trade Policies

Paragraphs 4.32-34, page 12: Digital transition in trade.

EU question 8: Could Korea provide more information about several digital partnership agreements under negotiation or consideration? More specifically, could Korea provide information on the Korea-Singapore agreement and its scope; the timeline of the Korea's accession to the Digital Economy Partnership Agreement (DEPA) with Singapore, New Zealand and Chile; and the state of play of a possible Korea-ASEAN Digital Trade Agreement under consideration. Could Korea provide its view how all these bilateral/plurilateral agreements would complement or impact the ongoing WTO discussion on e-commerce?

ANSWER:

Korea is currently negotiating the Korea-Singapore Digital Partnership Agreement (K-S DPA) as well as in the process of joining the Digital Economic Partnership Agreement (DEPA) with Singapore, New Zealand and Chile. Korea also understands that the EU is exploring the possibility of launching a Digital Partnership Agreement with Korea.

Korea and Singapore have now reached the final stage of their negotiations for the K-S DPA, which were launched in July 2020. The Agreement includes digital trade rules as well as cooperation measures for emerging technology sectors such as fintech, AI, technical standards, and others. More details will be disclosed following the conclusion of the negotiations.

Regarding the DEPA, Korea officially notified the Depositary of the DEPA of Korea's intention to join the Agreement on 13th September 2021. The DEPA joint committee announced its decision to commence the accession process for Korea on 5th October 2021.

With a view to expanding our digital cooperation with ASEAN countries, Korea proposed a joint study for a Korea-ASEAN Digital Trade Agreement during the ASEAN-Korea Economic Ministers' Consultations, which was held on 13th September 2021.

Through bilateral and plurilateral Agreements, Korea aims to facilitate digital trade and enhance cooperation with other countries in the emerging area of digital industry. Korea believes that such

Agreements will not only complement the relevant discussions underway at the WTO but also contribute the proliferation of digital trade rules.

5 INTERNATIONAL COOPERATION TO RESPOND TO COVID-19

Paragraph 4.35, page 12: Establishing a pan-government cooperation system to overcome the trade crisis caused by the COVID-19 pandemic.

EU question 9: The EU fully supports Korea's efforts in facilitating trade and services to fight against the pandemic. Could Korea provide information about the efforts to further facilitate the movement of natural persons?

ANSWER:

The Korean government has actively participated in discussions on the initiative for the safer international travel during the COVID-19 pandemic which was led by OECD. In addition, as COVID-19 vaccination expands, bilateral and multilateral consultations are underway in cooperation with related ministries regarding the introduction of an efficient mutual authentication system for quarantine such as vaccination certification to promote global exchange. In particular, discussions are underway on mutual certification methods, certificate inclusion, confirmation of compliance with international standards, and establishment of an integrated verification system by standardizing technical standards between mutual systems.

Korea also has implemented several measures facilitating essential movement of people across borders. Korea has issued Quarantine Exemption Certificates for those visiting for important and urgent business activities, academic events, matter of public interests, or other humanitarian reasons. Also, Quarantine Exemption Certificates are available for people holding A-1 (Diplomat), A-2 (Government Official), or A-3 (Agreement) visas. Especially, Korea has taken several measures to assist the movement of business people. Korea implemented, upon bilateral arrangement, Special Entry Procedure (called Fast Track Procedure) with various economies to allow business people to carry out economic activities upon arrival in Korea without the 14-day quarantine.

* Exempted cases include important business purposes, academic or public affairs, humanitarian purposes, and overseas business trips of government workers.

* Entrants must go through diagnostic tests right after arrival, install a mobile app for self-diagnosis, and conduct active monitoring (inputting symptoms, etc.).

In addition, Asia-Pacific Economic Cooperation (APEC) Business Travel Card (ABTC) holders who are granted pre-clearance can enter Korea without the need to apply for a separate visa.

Paragraph 4.36, page 13: The report mentions that "the Korean Government is committed to improving the quality of foreign investment, enhancing the linkage with Korean industrial policies".

EU question 10: Could the Korea explain how the "quality" of foreign investment is determined and what policies it pursues to improve the quality of foreign investment and enhance the linkage with Korean industrial policies?

ANSWER:

After the IMF period, Korea used to focus on increasing the amount of foreign currency reserves for a while. However, as Korea became able to secure enough amount of foreign currency reserves, the synergy or linkage with other industrial policies and contributions to economic growth, became to be prioritized.

In detail, high-quality Investment projects are often characterized by high levels of job-creating effect (new employments planned), more value-added created (e.g., R&D investment, regional headquarter), or engagement of cutting-edge technologies,

In order to enlarge the proportion of these 'high-quality' investments, the priorities of different target companies are determined and managed through database, according to the factors such as the market competitiveness of the products by investors, their presence at home, and the possibility of attracting domestic investment. This allows to concentrating IR capabilities on the projects of high-quality.

Paragraph 4.42, page 13: The report mentions "surveys (that) have been conducted every three years to inquire into the effect foreign investment has on job creation in Korea".

EU question 11: Could the Korean government provide the references of these surveys and explain how the results of these surveys have influenced policies to promote foreign investment?

ANSWER:

- Legal basis for the mandatory employment status surveys for foreign-invested enterprises were only established in 2019. Accordingly, the first survey report conducted by KOTRA ('2020 employment status survey on foreign-invested companies', open to public) was published in 2020.
- The report contains analysis on comprehensive employment status and demands for foreign-invested firms, such as employment plans, required talents for the potential employees, grievances in recruiting process.
- The government attempts to encourage foreign-invested firms to increase domestic employment, by referring to the result of the survey and thus provide relevant policies accordingly.

OTHER ISSUES

The Government's report does not cover health and policy of determining the prices of innovative pharmaceuticals.

EU question 12: Could Korea provide information on how it sets prices for innovative pharmaceuticals and if there is any difference for conditions and for foreign and domestic producers and products?

ANSWER:

The Korean government is incorporating premium pricing policy to recognize the value of innovative medicine, and is applying premium price to new drugs that have high contribution to the field of health and medical treatment and improved clinical usefulness through Premium Pricing Policy for Global Innovative New Drugs. The requirements for the system do not discriminate foreign and domestic companies and products, and the system itself is being operated in away that there are no discriminatory elements.

WT/TPR/S/414 – WTO Secretariat report**SUMMARY**

Paragraph 12, page 11 and paragraph 3.178, page 105: The report notes that a Rapid Clearance System for Planned Import for reliable business operators with a long-time record of safe food imports was introduced in 2019, allowing reliable business operators with a long-time record of importing food safely with no record of non-compliance to pass the customs clearance procedure immediately after import declaration.

EU question 13: Could Korea provide more details on the mentioned Rapid Clearance System for Planned Import? Could Korea indicate whether there is a publicly available list of reliable businesses operators with a long-time record of safe food imports and, if so, where this list can be accessed? Could Korea clarify under what conditions an importer is included on this list and how the importer is informed that it has become part of it?

[ANSWER]

The Rapid Clearance System for Planned Import is allowed only when a person registered as a "Good Importer" applies for and is approved of the System. Information regarding this is available on the website called Imported Food Information Maru (impfood.mfds.go.kr).

Paragraph 20, page 13: The report notes that the Government plans to increase subsidies to some services activities (such as transport and tourism). Subsidies have also been allocated to various services sectors to mitigate the impact of the COVID-19 pandemic.

EU question 14: Could Korea provide details on the plans to increase subsidies to some services activities (such as transport and tourism)?

ANSWER:

Please be informed that it is not available to provide details on the plans to increase subsidies since it is currently in the process of finalizing and confirming budgetary outlays.

1 ECONOMIC ENVIRONMENT**1.2 Recent Economic Developments****1.2.4 Structural policies****1.2.4.2 Privatization**

Paragraph 1.15, page 25: the report notes that "as at the previous Review and despite a commitment to privatization, there has been no progress in this area".

EU question 15: Considering the lack of progress on privatisation over the period covered by this and the previous Review, is Korea still committed to privatisation? What are Korea's policy guidelines, objectives and concrete plans in this respect?

ANSWER:

The Korean government continues to expand the private sector opening to the public sector and reduce the competing areas between public sector and private sector. Through this, public institutions improve management efficiency by concentrating on the key functions of the public sector and give private operators an opportunity to participate in public sector projects.

For example, in the case of Korea Gas Corporation, the direct import ratio of private LNG gas increased from 5.7% in 2015 to 22.4% in 2020 through efforts to promote direct import of private LNG gas. Also, in the case of Korea Electric Power Corporation (KEPCO), it is expanding the opening to private businesses by suspending the optical communication network construction project in 2017, which is concerned about overlap with the private sector, and allowing private business operators for small-scale power brokerage business in 2021.

If additional privatization is necessary, the government can comprehensively review the quality of public services, public interests, and competition with the private sector and so on. The government can review this issue after collecting opinions from various stakeholders, including academic experts, and discussions with the National Assembly.

1.2.4.3 Competition policy

Paragraph 1.16, page 25: the report notes that an IMF report found that manufacturing sector continues to be highly concentrated compared to similar countries.

EU question 16: Could Korea provide more information what measures the KFTC envisages to address this problem of concentration?

ANSWER:

In addition to policies to promote competition in individual markets, the KFTC is also promoting policies to prevent large business groups from abusing their economic power to expand their dominance expediently or undermine the basis of fair competition for SMEs through unfair internal transactions and serving private interests of their families.

EU question 17: Could Korea provide more information on its competition policy regarding the potential dominant positions of digital companies and the impact of such policies on foreign companies?

ANSWER:

Like other industries, businesses in the digital sector may be subject to the MRFTA, for restricting competition in related markets or using unfair competition means such as consumer deception. The same law enforcement standards as domestic companies are applied to foreign companies that affect the Korean market.

1.2.4.5 Labour market policies

Paragraphs 1.18-1.20, page 26-27: Labour market policies.

EU question 18: Despite recent progress, including the ratification the ILO Convention No 87 on Freedom of Association and Protection of the Right to Organise in April 2021 (entering into force in April 2022), Korea's regulatory environment for trade unions and freedom of association remains very challenging, e.g. difficulties for joining trade unions for self-employed or dismissed workers and the registration process of trade unions. Could Korea provide an update about the recent state of play in this respect?

ANSWER:

Korea ratified fundamental ILO conventions on April 20, 2021 and amended the Labor Relations Act to be consistent with the spirits of the Conventions on Freedom of Association.

The amended Act stipulates that the dismissed may join a union regardless of union type, and the dependent self-employed are allowed to join a union provided that they fall under the category of "worker" under this Act.

Various unions of delivery workers, chauffeur service drivers, delivery riders, and etc., have been established and in active since 2017.

Meanwhile, the Constitution provides for the freedom of association of the self-employed.

EU question 19: In the ILO Centenary Declaration for the future of work (2019), ILO members unanimously committed to work towards ratification of outstanding ILO fundamental conventions. In this regard, could Korea inform of latest developments towards ratification of ILO Convention No 105 on Abolishment of Forced Labour?

ANSWER:

ILO Convention No.105 prohibits the imposition of forced labor* as a punishment for expressing political views or participating strikes.

* (concept) All work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily. (Article 2 of Convention No. 29 on forced labor)

Under Korea's penal system, some cases of expressing political views and participating strikes in violation of the positive law are subject to sentences of imprisonment with labor*. Consequently, penal provisions of this kind are incompatible with the Convention.

* National Security Act, Trade Union and Labor Relations Adjustment Act, etc.

A research project is being conducted to identify how to amend domestic provisions to ensure compliance with the provisions of the Convention.

1.3 Developments in Trade and Investment

1.3.2 Trends and patterns in FDI

Paragraph 1.29, page 34: the report presents the trends and patterns of inward FDI. The structure of the Korean economy (i.e. the share of industrial manufacturing) is often cited as one of the main reasons behind the low inward FDI. However, in the past four years, the Korean economy has seen an increase in the service sector share of the GDP, to the detriment of the industry. Still, the influence of FDI on the local economy has been declining in recent years.

EU question 20: Could Korea provide information what specific measures were taken in the areas such as labour-management relations, regulatory environment to foster inward FDI?

ANSWER:

- Office of Foreign Investment Ombudsman (OFIO) operates labor management task force to support foreign-invested enterprises to manage sustainable and sound labor-management relations.
- It also provides an English version of new (newly enacted/ to-be enacted) regulatory laws which have high relevance to foreign firms. (570 laws were translated and provided in 2020)
- Although OFIO does not hold any legal authority to enact or amend laws, it can advise related authorities to improve the grievances addressed. (Foreign Investment Promotion Act Article 15-2)

2 TRADE AND INVESTMENT REGIMES

2.6 Foreign Direct Investment

2.6.1 Overview

Paragraph 2.75, page 48: the amended Foreign Investment Promotion Act allows the competent Minister or the heads of the relevant agencies to require the Foreign Investment Committee to review a foreign investment project where there is a "high" possibility of leakage of core national technologies, and where a foreigner's acquisition of de facto control over the management of an existing domestic company may threaten national security.

EU question 21: Could Korea provide more information how this aspect is implemented?

ANSWER:

The "high possibility of leakage of core national technologies" has been added to possible situations where investment can be restricted.

According to the Article 5 of Enforcement Decree to Foreign Investment Promotion Act, in the situation where is a "high possibility of leakage of core national technologies" stated in the 'Act on Prevention of Divulgence and Protection of Industrial Technology', competent Minister or the heads of the relevant agencies now hold authority to require the Foreign Investment Committee to review a foreign investment project. According to the review, the Minister of MOTIE can restrict the investment case.

Table 2.1 FDI restricted sectors, page 49: The table indicates that FDI in the farming of animals is allowed, except for beef cattle, where only minority foreign investment is allowed.

EU question 22: Could Korea explain the reason of this investment restriction in the beef sector?

ANSWER:

As set forth by Article 4 of the Foreign Investment Promotion Act, Korea does not restrict foreign invest except threatens national security and public order or has harmful effects on public health and sanitation or environmental preservation and so on.

The livestock industry takes up a significant portion of total agricultural output value (40 percent in 2019). Accounting for a large share of the livestock industry, the Korean cattle sector is an industry where the related industries such as feed and dairy farming are integrated. The sector is open from 2001 allowing foreign investment up to 50 percent.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures, valuation, and requirements

3.1.1.1 Procedures

Paragraph 3.10, page 57: the report notes that to ensure consumer safety, foodstuff subject to inspection quarantine requirements and certain medication are not eligible for the simplified process; they involve goods deemed inappropriate by the head of a customs office.

EU question 23: Could Korea specify if there is a database of specific items which are considered inappropriate for each means of transport and which is used by the head of customs office to state a final decision on appropriateness or inappropriateness of goods?

[ANSWER]

According to 「Public Notice on Import Clearance of Express Cargo, a total of 11 items on the express cargo exclusion list are excluded from List Declaration (Simplified Declaration). Such excluded items are required to go through the official general import declaration process, customs inspection, and evaluation before entry.

3.1.6 Anti-dumping, countervailing, and safeguard measures

Paragraph 3.67, page 74: injury margin calculation in anti-dumping investigations:

EU question 24: Could Korea indicate if it has plans to improve its methodology when establishing the target profit and the target price in the process of injury margin calculations, in order to make it more accurate and more fair for cooperating exporters.

ANSWER:

Accurate calculation of injury margin is required to determine the level of anti-dumping tariff rate. The KTC has revised its regulation(*) to ensure sufficient opportunity for the interested parties such as domestic producers, exporters or importers to present all relevant evidence regarding the injury margin. The revised regulation has been in effect since 1 February 2021.

** Regulation on the operation of application, investigation and determination of anti-dumping tariff and countervailing tariff*

According to the regulation, the KTC should determine the appropriate level of target price that accounts for the profit and costs of domestic industry which are expected under the normal condition of market competition. The level of profit and costs, in turn, can be calculated considering various factors based upon the evidence submitted by the interested parties, including profit level before the increase of the dumped imports, coverage for investment or R&D, environmental costs, volume effect of dumped imports, etc.

The KTC continues to evaluate the needs for further improvement of anti-dumping investigation process with the aim of realizing advancing trade remedy system.

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.3.1.1 Taxation

3.3.1.1.1 Indirect taxation

Paragraph 3.100, page 83: Korea imposes environmental waste charges on certain items that contain harmful substances and are difficult to recycle (Act on Promotion of Saving and Recycling of Resources). The charge is intended to ensure that manufacturers bear the cost of processing waste. It applies equally to imports and domestic goods.

EU question 25: Could Korea review its system of environmental fees to make it non-discriminatory and compliant with WTO law, i.e. applying the same level of taxes to products with a similar recyclability grading?

[ANSWER]

Products subject to the environmental waste charges pursuant to Article 12 of the Act on the Promotion of Saving and Recycling of Resources (hereinafter indicated "Act") are not subject to the packaging recyclability evaluation and labelling of the results under Article 9-3 of the same Act. The environmental waste charges system is operated in such a way that the amount calculated by applying a fixed rate for each item to its quantity delivered or imported is charged annually to the producers of the subjected item, and the same fixed rate is applied both to the domestic and imported products.

However, the target of the packaging recyclability evaluation is producers who is obligated to recycle in accordance with Article 16 of the same Act. In order to jointly fulfill the duty of recycling under the Act, the producers establish a recycling cooperative and pay the recycling contribution determined by the Joint Steering Committee every year. As Article 29 of the same Act requires that recyclability be taken into account when calculating the contribution, the 2nd Joint Steering Committee in 2020 decided to apply an increased unit price for the contribution to some of the packaging materials that were graded as 'Difficult to Recycle'. It should be noted that the recycling contribution which is charged differently depending on recyclability and the environmental waste charges are completely different in nature.

3.3.1.1.2 Direct taxation

3.3.1.2 Tax and non-tax incentives

3.3.1.2.2 Non-tax incentives

3.3.1.2.2.1 Access to finance

Paragraph 3.114, page 87: the report states that State-owned financial institutions retain a major role in assisting Korea's industrial development. State intervention dominates the large venture capital market, which benefits mainly SMEs. The government-backed Korea Fund of Funds has invested in limited partnership funds (LPFs) and contributed to the formation of the private venture investment market.

EU question 26: Could the Korean government explain in more detail how the government-backed Korea Fund of Funds contributes to the formation of the private venture investment market?

ANSWER:

◦ Venture investment is an important sources of funding for startups that have brilliant ideas but lack of resources. However, since venture investment is characterized as a high-risk, high-return business, the role of the government is very crucial to mitigate risk in the early stages and to promote venture investment.

As the MSS established Korea Venture Investment Corporation (KVIC) as fund of fund in South Korea in 2005 and started to supply stable funding to the venture investment market, venture investment in Korea continues to increase. The Korean government has invested about 7 trillion won (USD 5.9 billion) in the fund, and about 8,000 start-ups and venture companies have been invested about KRW 23 trillion (8.3 billion USD) since then.

* Venture Investment : ('2000, 1st venture investment boom in South Korea) KRW 2 trillion (USD 1.6 billion) → ('2020, 2nd venture investment boom)KRW 4.3 trillion (USD 3.6 billion)

3.3.1.2.2.2 Other support

Paragraph 3.124, page 90: In light of the COVID-19 pandemic circumstances, certain manufacturing activities, including medical supplies, mobile telephone distribution and telecommunication equipment, and 5G network infrastructure, have benefited from additional support.

EU question 27: Could Korea indicate if both domestic and foreign enterprises could access such additional support on equal terms? If there are specific or different criteria and conditions for foreign enterprises, could Korea provide more information on these, and explain how these ensure non-discriminatory treatment?

ANSWER:

Supports measures in mobile phone distribution in response to COVID-19 were temporary measures carried out by the government for COVID-19 crisis management. Currently, there are no measures supported by the Government. Domestic telecommunication companies have provided funds to their small and medium-sized handset distribution stores such as agencies. Thus, it is not categorized as discriminatory treatment of foreign companies over their domestic counterparts.

Paragraph 3.125, page 91: Under the Digital New Deal initiative, several support measures, including vouchers, funds, grants, and guarantees, for four sectors (strengthening the DNA ecosystem, digitalizing educational infrastructure, nurturing the contactless industry, and digitalizing social overhead capital) are envisaged.

EU question 28: As regards subsidies and other support measures to be taken under the Korea Digital New Deal, could Korea clarify if it has a single window for compiling and managing such measures in a systematic manner? If such single window is not yet available, does Korea have any plans to introduce one in the future?

ANSWER:

Support measures of the Digital New Deal initiative are implemented by competent ministries and institutions, which have expertise in each sector, taking into account various policy environments such as beneficiaries, business size, and business type of projects (crowd sourcing, infrastructure construction, etc.) Henceforward, this system will be maintained.

3.3.2 Standards and other technical requirements**3.3.2.2 Voluntary, compulsory, national, and aligned standards**

Paragraph 3.139, page 95: the reports provides information on Korean standards.

EU question 29: Could Korea provide further information in which sectors have the 3% of Korean standards been established without any reference to international standards, and what are the reasons for such deviations?

ANSWER:

Most KSs have been harmonized with corresponding international standards. Non-harmonized Korean standards are in the sector of internal guideline(e.g. vocabulary, graphic symbol, method for specification), korean foods(e.g. kimchi, korean soy sauce, Fish paste), domestic services(ie. Funeral home services, Postnatal care center services, Furniture removal for households) that are either unique to Korea, with no corresponding international standards, or cannot be harmonized because of their link to other domestic regulations

3.3.2.3 Food, health-related, and other measures

Paragraph 3.147, page 97: AREC requires manufacturers and importers of chemical substances to register or notify it before manufacture or import. Concerns relating to the lack of guidance around implementation, the insufficient time for companies to implement the requirements, and AREC's lack of protection for confidential business information have been raised.

EU question 30: Could Korea provide information if, and if so, how, the concerns of producers and importers are taken into account in its Act on Registration and Evaluation (AREC)?

[ANSWER]

First, Korea continues developing AREC-related guidance, and publishing them at the following website: <https://www.chemnavi.or.kr/chemnavi/spkreach/implementation.do>.

Second, Korea already provides companies with sufficient grace period of registration according to Article 10(2) of AREC to enable them to prepare their registration of existing substances.

Third, Korea already has institutional measures to protect confidential business information: the appointment of only representative (OR) for overseas manufacturer or producer pursuant to Article 38 of AREC, the request on data protection of registered substance pursuant to Article 45 of AREC, and an approval system where reviewing CBI application to be excluded from submission of chemical safety information according to Article 35(2) of the Enforcement Rule.

Paragraphs 3.147 and 3.148, page 97: During the review period, further action was taken in the areas of registering and notification of toxic chemicals.

EU question 31: Could Korea explain whether it considers any action in order to simplify its certification and testing procedures?

[ANSWER]

As Korea needs the clarification about your question and background thereof, it would be appreciated if you clarify the question when the below answer is not sufficient. Therefore, the below answer is made based on literal meaning of the question.

Regarding registration, Korea indicates the requirements for exemption from registration in Article 11 of AREC, the substances that submission of some data can be waved in Article 13 of the Enforcement Decree, and the data that can be waved from submission in Article 5 of the Enforcement Rule.

In addition, for the data that requires long time to be produced, Korea allows that a registration applicant can submit a test plan for registration prior to the submission of the test data in accordance with Article 14(3) of AREC, so that the applicant can apply for registration.

3.3.2.4 Conformity assessment

Paragraph 3.149, page 98: the Korea Laboratory Accreditation Scheme (KOLAS), which accredits testing, calibration, and medical testing laboratories.

EU question 32: Could Korea provide further information on how foreign certificates are recognised under bilateral and multilateral agreements?

ANSWER:

KOLAS generally recognizes the equivalence of the conformity assessment bodies (CABs) accredited by accreditation bodies (ABs) under the ILAC MRA.

However, the recognition of foreign certificates issued by CABs under the ILAC MRA is determined by the various regulatory authorities in KOREA depending on the relevant fields.

3.3.2.5 Transparency

Paragraph 3.156, page 99: The report notes that Korea made 348 new notifications (281 in 2012-15), of which 323 were regular, under the WTO TBT Agreement.

EU question 33: Does Korea in general have a policy of replying to WTO member comments on TBT notifications? What is the average time taken to reply to these comments?

ANSWER:

In Accordance with Articles 2.9 and 5.6 of the WTO TBT Agreement, comments from WTO Members on TBT notifications are conveyed via TBT Enquiry Points to Korea's competent regulatory authorities. The comments are then fully reviewed, and Korea endeavors to reply within 60 days in general.

Paragraph 3.157, page 99: During the review period, Members raised specific trade concerns (STCs) at the Committee on Technical Barriers to Trade regarding several measures under consideration or taken by Korea (e.g. ballast water, textile products for infants, warning on alcoholic beverages drinking, package recycling, energy efficiency management equipment, household chemical and biocidal products, and wood products). The testing regime for textile products for infants applicable in Korea is not in line with the standards applied in most developed countries, significantly increasing the cost of distribution for retailers.

EU question 34: Is Korea considering a reform of its practices in this matter?

ANSWER:

For STCs raised against Korea in regular meetings of the WTO TBT Committees, the requests are reviewed by Korea's competent regulatory authorities. The review results are then officially submitted, and additional replies are conveyed via Members' TBT Enquiry Points as necessary.

Paragraphs 3.166 and 3.167, pages 102-103: Maximum residue levels (MRLs)

EU question 35: Could Korea provide more information on how Korea will set import tolerance on generic pesticides and veterinary drugs?

[ANSWER]

Korea provides a manual in English for Import Tolerance (IT) application on the designated website (<http://www.foodsafetykorea.go.kr>) of the ministry in charge, the Ministry of Food and Drug Safety (MFDS). For more information, member states can contact MFDS(The Residue and Contaminants Standards Division

3.3.3.2 Quarantine regulations

Paragraph 3.174, page 105: Imports of plants and plant products must have a phytosanitary certificate issued by the competent authority in the exporting country.

EU question 36: What policies is the government of Korea considering to reduce the burden of this SPS trade barriers for agri-food products? More specifically, once a protocol has been negotiated for a given product and EU Member State, could this market access be extended or the procedure simplified for other EU Member States having requested market access for the same product?

ANSWER:

When Korea receives a market access request for agri-food products from an exporting country, import approval is determined in accordance with the Plant Protection Act and relevant domestic legislation.

If another EU Member State applies for market access of the same product, the review period for pest risk assessment may be reduced when its disease, pest and ecology share similarities with previous cases.

Paragraph 3.175, page 105: Korea bans the import of animals and their products from countries affected by exotic animal diseases, such as foot-and-mouth disease and African swine fever (ASF). Upon request of the exporting country, the import ban may be lifted depending on the outcome of import risk analysis. Imports from countries affected by highly pathogenic avian influenza (HPAI) are banned, but those of poultry meat that is heat-processed to inactivate the HPAI virus are allowed.

EU question 37: Is the government envisaging any measure to find a balanced mechanism to carry out analysis and at the same time minimize value loss for importers?

ANSWER:

In conducting import risk analysis of animal and livestock products, protecting human and animal health by stopping the introduction of infectious animal diseases from other countries to Korea is a top priority for Korea. Korea does not take into account other factors.

EU question 38: Does Korea have a procedure in place to recognise the regionalisation measures implemented by WTO Members for exotic animal diseases (for diseases listed by the World Organisation for Animal Health)? If such a procedure exists in Korea, on which web link can this information/procedure/legislation be found? Could Korea describe the steps of this procedure together with an indicative timeframe for each of the steps in this procedure? If such a procedure does not exist, how and when will Korea align its import conditions with the WTO SPS Agreement, in particular its Article 6?

ANSWER:

Korea recognizes the regionalization principles pursuant to international regulations and domestic standards. The Act on the Prevention of Contagious Animal Diseases and Guidelines on Import Risk Analysis of Designated Items subject to Quarantine (Public notice of MAFRA) stipulate matters

relating to regionalization. Relevant information is posted on the website (<https://www.mafra.go.kr/english/index.do>).

Estimated timelines for the completion of regionalization procedures may vary case by case.

EU question 39: Could Korea clarify how it applies the quarantine principles where FTAs exist and quote the specific case of the EU (e.g. for BSE), in which although same food safety rules apply across the EU, Korea still carries out an analysis EU Member State by EU Member State?

ANSWER:

Korea conducts import approval procedures in accordance with international standards including OIE Codes and SPS Agreement.

Under domestic regulations, Korea conducts import risk analysis for market access applications country by country in order to prepare for the risk of introduction of infectious animal diseases.

EU question 40: Could Korea provide more information on how it assesses pest-free status for African Swine Fever and Avian Influenza?

ANSWER:

The assessment of disease-free status for ASF and HPAI-affected countries is carried out in accordance with the standards of free status in the OIE Terrestrial Code and domestic regulations including the Guidelines on Import Risk Analysis of Designated Items subject to Quarantine (Public notice of MAFRA).

Korea assesses the disease-free status of an exporting country based on information on livestock industry, infectious animal disease outbreak, surveillance and measures of the country submitted by its veterinary authorities.

Paragraph 3.176, page 105: the report refers to the fact that in May 2019, Korea lifted import restrictions on beef from the Netherlands and Denmark in place since 2000 in response to the outbreak of BSE in Europe; applications from some other EU member States concerning the lifting of these restrictions are being considered.

EU question 41: To guarantee a high level of safety of beef produced in the European Union, all EU Member States implement the same stringent and harmonised EU legislation with regard to food safety and animal disease control, resulting in identical conditions prevailing in all EU Member States. Could Korea indicate a time-line for the lifting of import restrictions on beef for other EU Member States? In this context, how will Korea respect its obligation under the WTO SPS Agreement, in particular with regard to Article 2.3 on non-discrimination?

ANSWER:

Under domestic regulations, Korea conducts import risk analysis for market access applications for livestock products country by country in order to prepare for the risk of introduction of infectious animal diseases.

Korea carries out import risk analysis country by country to determine the safety of livestock products, because the animal disease outbreak situations, veterinary organizations (e.g. the number of veterinarians) and current state of livestock industry are different across EU member States.

Meanwhile, in regard to the points EU has made, Korea will continue to carefully examine them considering international discussions on regionalisation and characteristics of each disease.

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

3.3.4.1.1 Policy, institutional, and regulatory framework

Paragraph 3.185, page 107: the report states that "Competition law covers all sectors and all undertakings, including state entities. However, liner shipping conferences are exempted...."

EU question 42: Could Korea explain the reasons for this exemption and offer insight as to whether there are any considerations to end the exemption?

ANSWER:

The current legal system for liner shipping conferences does not grant an indefinite exemption to competition law.

Despite the great harm to joint actions, Article 29 of the Shipping Act allows legal conference exceptionally under certain requirements* in consideration of the characteristics of the shipping industry.

* (Procedural requirements) Written consultation with the shipper's association and reporting the contents of conference to the Minister of Oceans and Fisheries.

(Content requirements) Do not restrict withdrawal from conference, and do not substantially restrict competition through unfair fare increases.

However, the MRFTA is applied to illegal conferences of liner shipping made without complying with the above requirements specified in Article 29 of the Shipping Act.

3.3.4.1.2 Operational developments

Paragraph 3.189, page 109: Monopoly power seemingly remains unchanged and market concentration relatively high.

EU question 43: Does Korea envisage any additional measures or changes to the legislation in the making as part of efforts to promote competition in certain industries, such as in the digital sector, and to prevent abuse of dominant position in forward and backward transactions? Could Korea provide more information about the role and the modus operandi of the special ICT Task Force?

ANSWER:

The OPA(Online Platform Act) is being enacted in order to strengthen transaction transparency in the field of online platforms and establish fair market rules,. Currently, the proposed bill has been submitted to the National Assembly, and legislative discussions are underway at the National Assembly. The main contents are to provide more information about key transaction conditions between the platform and online stores, and to establish a dispute settlement system and a win-win agreement system specialized in the online platform field.

The ICT Task Force, currently run by the KFTC, is in charge of handling major MRFTA violations such as abuse of market power in the ICT field and unfair trade practices. For each major case, a division is formed with KFTC investigators, but if necessary, it is also cooperating with external experts.

3.3.4.3 Consumer protection

Paragraph 3.205, page 114: consumer protection.

EU question 44: How does Korea justify its limit of 17% ABV for broadcast advertisements of spirits, which de facto prevents most imported spirits from being advertised, while Soju products can benefit from broadcast advertisements?

ANSWER:

The limit of 17% ABV for broadcast advertisements of spirits was introduced to protect the Korean people's health in consideration of their alcohol consumption pattern and is applied to most domestically produced spirits including Soju. The OECD has also recommended that Korea reinforce its regulations on advertisements of alcohol products, in order to prevent harmful consequences caused by alcohol consumption (OECD,2020).

Soju products with over 17% ABV cannot be advertised through broadcast advertisements the same way as imported spirits. As of 2019, more than 70% of Korean Soju products are over 17% ABV and broadcast advertisement is prohibited. Thus, it is hard to say that Korean Soju products benefit from broadcast advertisements.

Also, in Korea, the use of broadcast and printed media for advertising alcohol products is declining while the use of online media is rapidly increasing. There is no limit on the type and ABV of the alcohol products for online advertisements, so imported spirits can equally appear in advertisements online. Therefore, this shows that the Korean government is not treating imported spirits any differently from domestic alcohol products.

In addition, limits in different forms of advertisement for alcohol products based ABV is a policy that is being implemented in the EU and other countries including Spain. The level of ABV is also similar to Korea.

3.3.5 State trading, state-owned enterprises, and privatization

3.3.5.2 State involvement in the economy and privatization

Paragraph 3.212, page 116: the report notes that "State involvement in the economy persists, as a result of the limited privatization efforts during the review period; at the same time, the level of government shareholding at several entities rose for different reasons (Table 3.4)."

EU question 45: Could Korea explain the measures it is taking to ensure a level playing field among SOEs and private operators on the Korean and global markets? Likewise, what measures is Korea taking to ensure that its SOEs are not distorting the level playing field when Korean SOEs are trading and investing in overseas markets?

ANSWER:

In accordance with the Act on the Management of Public Institutions, the Korean government guarantees the autonomous operation of public institutions and promotes privatization plans by checking the adequacy of functions performed by public institutions.

In addition, in order to prevent distortions of domestic and foreign markets that may occur due to the government's non-commercial assistant for public institutions, Korea continues to resolve anti-competition elements through the revision of laws and Ministerial Meeting on International Economic Affairs.

For reference, there has been no case in which the government has compensated for losses on public institutions in the last 10 years, and in the case of debt repayment guarantee, the only case for supporting key industries was due to the recent COVID19.

3.3.6 Government procurement

Paragraph 3.215, page 119: Korea operates international tendering and other procurement procedures in accordance with its commitments under the WTO Plurilateral Agreement on Government Procurement (GPA).

EU question 46: Could Korea provide information on the public tenders awarded to foreign firms? Specifically: What is the percentage of tenders awarded to foreign firms in general and as a share of those tenders where there were foreign participants? What are the respective shares of foreign firms in terms of value of the contracts awarded?

ANSWER:

The percentage of PPS'tenders awarded to foreign firms is about 1.2% and PPS may provide the contract information concerned.

3.3.6.3 Public Procurement Service (PPS)

Paragraph 3.230, page 124: As at March 2021, KONEPS had links with 225 external systems (194 in 2016), including 5 (banks same as in 2016), 23 guarantee corporations (21 in 2016), 8 construction-related associations (same as in 2016), 5 industrial associations (4 in 2016), 10 credit rating authorities (10 in 2016), 5 certified authorities (same as in 2016), and 5 e-signature authorities (same as in 2016).

EU question 47: Could Korea provide more information on how credit rating is used in its procurement system and how this element is taken into account for domestic and for foreign enterprises? If there is any differentiation of the conditions or procedures, could Korea provide explanations how non-discrimination between foreign and domestic enterprises is ensured?

ANSWER:

The credit rating is utilized to check the management status of an applicant in the prequalification evaluation. Both domestic and overseas suppliers should obtain credit ratings from credit rating agencies or credit inquiry companies falling under Article 4(Type and Permission of Credit Information Business) of the Credit information Use and Protection Act or Article 335-3 of the Financial Investment Services and Capital Markets Act

3.3.7 Intellectual property rights

3.3.7.1 Industrial property

Section 3.3.7.1, page 126

EU question 48: Could Korea clarify whether point 3.3.7.1 concerns also geographical indications (protected under the "Trademark Act" and the "Agricultural and Fishery Products Quality Control

Act"), including the administrative and judicial proceedings (IPR disputes, competent authorities/judicial bodies, etc.)? Could Korea indicate which fora/judicial body is responsible in case of a dispute related to GIs (protected under the "Trademark Act" and the "Agricultural and Fishery Products Quality Control Act")?

[ANSWER]

Classification	Collective marks with GI (Trademark Act)	GI under the Agricultural and Fishery Products Quality Control Act.
Administrative procedures	the Intellectual Property Trial and Appeal Board	GI committee
Judicial procedures	Court	Court

Paragraph 3.240, page 127: the reports includes data on the application and registration numbers of various industrial property rights and length of examination (except geographical indications).

EU question 49: Could Korea indicate how many GIs are applied, protected and registered in Korea? Is there a publicly available database? Does Korea has a separate database for GIs protected under bilateral or multilateral agreements (FTAs, RTAs)? Could Korea indicate how long it takes to register a GI in Korea (length of examination and registration)?

[ANSWER]

In 2020, 12 collective marks with GI were filed, and the number of registrations is not managed separately. As of the end of 2020, there are 101 agricultural products, 26 marine products, and 54 forest products which have been registered as GI under the Agricultural and Fishery Products Quality Control Act.

Collective marks with GI can be found at www.kipris.or.kr Agricultural products, marine products, and forest products GI can be found at the websites of the National Agricultural Products Quality Management Service, the National Fisheries Quality Management Service, and the Forest Service, respectively.

A database for GI protected under the FTA is currently not operated separately, and the list for GI protection can be found in each FTA agreement.

We have not monitored the period from application to registration of a collective mark with GI separately. For reference, it took about 8.9 months in 2020 until the first office action in the case of trademark examination (including GI collective mark).

Paragraph 3.242, page 127: refers to Penal provisions involving imprisonment or fines for right infringements of patents, utility models, trademarks, and industrial designs were revised. Civil remedies include injunctions against further infringement and damages. Provisional measures for preventing infringements are provided in each industrial property act and the Civil Execution Act. Specific criteria exist for increasing or decreasing fines.

EU question 50: Could Korea clarify whether this point is applicable for GIs (protected under the "Trademark Act" and the "Agricultural and Fishery Products Quality Control Act") as well?

ANSWER:

Under the Agricultural and Fishery Products Quality Control Act, Korea checks on registered products by production/retail stages more than once every 6 months. Also, the Act provides punishment for frauds (imprisonment up to 3 years) or infringements (penalty up to 10 million won). Registration will be cancelled when production is no longer available, the GI is fraud, or the GI does not meet the registration criteria.

Products bearing a geographical indication according to the Agricultural and Fishery Products Quality Control Act, are applied with the provisions on penalty and civil remedies under the act.

3.3.7.1.2 Trademarks

Paragraph 3.255, page 130: the report indicates that Geographical indications (GIs) remain protected under the Trademark Act, the Agricultural and Fishery Products Quality Control Act, and the Unfair Competition and Trade Secrets Protection Act. The Trademark Act and the Fishery Products Quality Control Act protect GIs that are registered and provide a registration process, while the Unfair Competition and Trade Secrets Protection Act protects unregistered GIs when their protection under the Trademark Act or the Agricultural and Fishery Products Quality Control Act has become ineffective

EU question 51: Could Korea clarify whether agricultural and non-agricultural products' names also can be protected under the relevant legislation?

ANSWER:

Geographical indication for agricultural products and processed agricultural products can be protected when registered under the Agricultural and Fishery Products Quality Control Act.

EU question 52: Could Korea clarify what is the scope of protection for unregistered GIs? Can Korea provide a list for unregistered GIs?

ANSWER:

An unregistered GI is a GI that has not been filed and registered under the Trademark Act or the Agricultural and Fishery Product Quality Management Act and is protected under the FTA signed by Korea, such as the Korea-EU FTA, etc. Therefore, the applied scope of protection is as stipulated in each of the agreement signed by the parties of the FTA.

The lists of unregistered GI can be found in the agreements of the Korea-EU FTA, the Korea-Canada FTA, the Korea-Turkey FTA, the Korea-Chile FTA, the Korea-Peru FTA, and the Korea-UK FTA.

Paragraph 3.256, page 120: The report states that "the trademark legislation prevents registration of trademarks consisting of a "conspicuous geographical name"; it allows them to be registered as geographical collective marks. The owner of a GI collective mark has the right to use it exclusively and prevent others from using identical or similar signs for identical goods, where it might result in confusion".

EU questions 53: Could Korea explain how a 'trademark consisting of conspicuous geographical name' should be understood and, if possible, give an example of such trademark? Considering that in principle GI and trademark would be different types of IP rights, Korea is also invited to clarify what is meant by a term 'GI collective mark'. Could Korea indicate which Article(s) of the Foreign Trade Act deals with GIs? Does the Foreign Trade Act has implementing rules or are there any guidelines available? Could Korea also clarify who is entitled to register such "GI collective mark"? Is any GI producer installed in the relevant geographical area allowed to use such "GI collective trademark"?

ANSWER:

According to the Article 4(1) of the Act on the investigation of Unfair International Trade Practices and Remedy Against Injury to Industry, the Unfair Trade Practices include the acts exporting or importing goods with infrining GI. Decisions regarding GI infringement of subjected goods are based on the Trademark Act and the Agricultural and Fishery Products Quality Control Act. Corrective measures* and/or Penalty Surcharges may be imposed on the actor exporting or importing goods with infrining GI.

* suspending import or export, banning the landing of or abandoning such goods, making corrective advertising, publishing the fact of receiving a corrective order and/or other necessary measures to correct unfair trade practices.

A trademark with a conspicuous geographical name or its abbreviation alone cannot be registered as a trademark (ex. Oxford, Manhattan, Georgia). (Trademark Act 33(1)(iv))

However, collective marks with GI can be registered even in this case. (Trademark Act 33(3))

Collective mark with GI refers to a mark used directly by a corporation jointly established by a person who produces, manufactures, or processes products that can use geographical marks or allows its members to use them. (Trademark Act 2(1)(vi))

The applicant for the collective mark with GI is limited to corporations composed of those who produce, manufacture, or process products on which geographical indications is used. (Trademark Act 3(2))

The collective mark with GI does not restrict the use of the product by those who produce, manufacture, or process it in the area. (Trademark Act 90(2)(iii))

EU question 54: Could Korea clarify whether under the Agricultural and Fishery Product Quality Management Act foreign GIs also can be registered/protected? Are the GIs registered under this Act have a publicly available database? In case of dispute which bodies (administrative/judicial) have competence to act?

[ANSWER]

Korea government implements a geographical indication registration system to improve the quality of agricultural and fishery products or processed agricultural and fishery products having geographical characteristics, to foster regional specialty industries, and to protect consumers.

The geographical indication database of agricultural products registered under the Act is available on the website (www.naqs.go.kr).

When there is a dispute over the right to geographical indication registered in Korea, a person whose rights have been infringed can go through judicial procedures by the Patent Court.

Paragraph 3.258, page 130: indicates that a trademark containing GIs for wines or spirits originating in any WTO Member may not be registered (Trademark Act, Article 7(1)(xiv)). The use of GIs to identify wines or spirits that do not originate in the place indicated is prohibited, even if the true origin is given or the GI uses expressions such as "kind", "type", "style", or "imitation".

EU question 55: Article 10.21 of the EU-Korea Free Trade Agreement does not differentiate between geographical indications, namely wines, spirits, aromatised wines and foodstuffs shall be protected under the same level of protection. Could Korea clarify how the high level of protection provided under the FTA for all GIs is implemented in the trademark legislation? If it is not implemented, are the relevant Articles of the FTA directly applicable in Korea?

ANSWER:

Under the Korea-EU FTA, all GIs protected in Korea, including wine, distilled wine, aromatic wine, and food, are protected under the same high level of protection. Protection (prohibition of unauthorized use) under Article 10.21 of the Korea-EU FTA is enforced in Article 3-2 of the Unfair Competition Prevention Act, and protection (prohibition of trademark registration) under Article 10.23 of the Korea-EU FTA is enforced in Trademark Act 34(1) (xix).

3.3.7.1.3 Plant variety protection

Paragraph 3.259, page 130: Protection for plant varieties is provided under the Patent Act and the New Varieties of Plants Protection Act. Breeders' rights are protected for 20 years from the registration date (25 years for fruit and forest trees). Protection is administered by MAFRA and the MOF. The registration of plant varieties remains entrusted to the Korea Seed and Variety Service (KSVS) for agricultural plants, MAFRA's National Forest Seed Variety Center (NFSV) for forest plants, and the MOF's National Institute of Fisheries Service (NIFS) for aquatic plants.

EU question 56: Could Korea indicate whether there is a publicly available database where plant variety rights are listed?

ANSWER:

Korea has the Korea Seed & Variety Service (KSVS) responsible for agricultural plants, National Forest Seed and Variety Center (NFSV) for forest plants and National Institute of Fisheries Science (NIFS) for aquatic plants. These institutions publicly open the database of applications and registrations for plant variety protection (PVP) on their respective website both in Korean and English. The relevant websites are as follow:

- (Agricultural plants) https://www.seed.go.kr/seed_eng/index..do
- (Forest plants) <https://nfsv.forest.go.kr>
- (Aquatic plants) http://www.nfis.go.kr/apvc/06_manage/01

3.3.7.2 Copyright and related rights

EU question 57: As the report does not make reference to the issue of public performance rights for which there is an overly broad exception in the existing law, could Korea provide information on the changes made or foreseen in this regard? Could Korea provide more information on its efforts to improve collection, including for venues of smaller than 3000m², and to expand the type of places subject to collection such as fast food chains and bakeries?

ANSWER:

In August 2018, the revised enforcement decree of the Copyright Act has been implemented to extend the application of public performance rights to cafe, draft beer pub, and fitness gym. Regarding the venues of smaller than 3000m², approximately 92,000 stores that were not obligated to bear public performance fee for performing music prior to the revision of the enforcement decree has been subject to the collection of the public performance right fee. Collective management

organizations are working to promote the right to users, raising awareness about public performance right. However, reflecting Covid-19 situation, performance fees are exempted for the store that runs less than 10 days a month, and reduced 50% for the store that runs 10-20 days a month.

3.3.7.3 Enforcement

Paragraph 3.279, page 134: the report states that Korea continues to generally provide strong IPR protection and enforcement. Reportedly, IP-related concerns relate to, inter alia: counterfeit transshipments, especially via small express-shipped parcels; GIs; and a lack of deterrent-level civil and criminal penalties for IP violations.

EU question 58: Could Korea provide more information regarding the enforcement concerns related to GIs? Are there any available data on the value and volume of counterfeit products?

ANSWER:

In Korea, GIs are well protected at a level that satisfies the Korea-EU FTA (see answer to question 55). Concerns over intellectual property, such as GIs in Korea, are briefly mentioned in the USTR's Trade Barrier Report (NTEp.329), and there is no additional information.

Regarding counterfeit products of GIs protected under the FTA, there have been a total of two reports so far, one has been given recommendation for corrective measures ('18), and one has been withdrawn ('19).

Paragraph 3.280, page 134: The report explains the approach taken by enforcement authorities against online counterfeiting and piracy.

EU question 59: Could Korea indicate whether it also applies a policy which supports and/or facilitates business-to-business solutions to fight online infringements, such as Memoranda of Understanding between platform providers and right holders?

ANSWER:

There is no applicable Korean Intellectual Property Office policy.

Paragraph 3.280, page 134:

EU question 60: Could the Korean government provide information about the enforcement of IPR in the pharmaceutical sector? What actions has the government of Korea taken or intends to take in order to enhance the patent filing system, in particular in the pharmaceutical sector?

[ANSWER]

For the convenience of applicants, the Korean government introduced a system to accept "free-form patent specifications" which has the same effect as "provisional applications" of the US and other countries. Applicants in all sectors, including the pharmaceutical sector, can use this system.

Paragraph 3.289, page 137: Between 2015 and 2020, trial requests concerning industrial property issues increased to 63,430 (54,172 in 2011-14) cases; most cases involve patents (53%) and trademarks (41%) and were mostly requested by Korean holders (65%). Between 2016 and 2019, there were 3,559 cases (5,283 in 2011-15) (mostly patent-related) filed at the Patent Court (Section 3.3.7.1), an appellate-level court, of which 3,548 were handled. The average time for handling cases rose from 204 to 237 days for revocations and from 137 to 286 days for civil appeals, whereas the cases in which at least one party was a foreigner dropped from 301 (2018) to 190 (2019).³⁷⁹ At the time of the previous Review, it seemed that sentences for IP infringements remained lower than international norms, and in particular compared with other countries in Asia and Europe. The authorities indicate that, in the case of other countries, there is a distinction between similar and identical infringement, whereas in Korea, they are penalized under the same sentencing, thus making them hard to compare.

EU question 61: Is the Korean government planning to make a distinction between similar and identical infringements, and therefore increase the sentences and sanctions for IP infringements when necessary, in order to ensure adequate protection of IPR?

ANSWER:

We are in the process considering regulations to distinguish between the identical and similar infringements, but no specific plans have been made yet.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture and Livestock

Paragraph 4.8, page 139: The report notes that although agriculture contributed the same share of GDP (2%) in 2020 as in 2016, its share in employment has grown significantly, from 4.8% in 2016 to 2020.

EU question 62: How does the Korea explain this increase in agricultural employment in spite of the stagnating share of the sector in GDP?

ANSWER:

The GDP of Korea and the GDP of the agricultural sector have shown similar growing from 2018 to 2020, resulting in the same share of the GDP. The employment in the agricultural sector has grown, with number of employees in agricultural sector rising from 1,273 in 2016 to 1,445 in 2020.

Scaling of agricultural companies and increased number of agricultural corporations led to increased employment opportunities in agriculture, and this results from increased number of people returning to agriculture and rural villages, expanded employment and startups in agriculture, and support for relevant policies.

Paragraph 4.12, page 140: indicates that Korea plans to strengthen its agricultural innovation capacity to produce environmentally friendly and safe foods. Key policies include introducing environmental compliance conditions to direct payments and a new agricultural environment preservation programme. The Government also aims to improve the environmental performance of livestock production by supporting the modernization of cattle sheds, and to revitalize the rural economy by promoting the return of people to rural areas to engage in agriculture.

EU question 63: Could Korea provide more information on when the new agricultural environment preservation programme is planned to be introduced? Is there a draft programme available?

ANSWER:

The Agricultural Environment Conservation Programme was introduced in 2019 and it includes individual and joint activities, implemented as tasks of the programme, by each area of agricultural environment, such as soil, water, landscape, living, heritage and ecology.

The overview of this programme is as below;

- a. Purpose: Enhancing public value of agriculture and creating a foundation to improve agricultural environment at the local level
 - Based on Article 9 (Prevention of Environmental Pollution from Agriculture and Fisheries) of the Act on the Promotion of Environment-friendly Agriculture and Fisheries and the Management of and Support for Organic Foods, etc.
- b. Contents of the Programme by Year: (Year 1) Education and consulting services for residents, environmental analysis and establishment of project implementation plan, (Year 2-5) Implementation and evaluation of individual and joint activities
- c. Main activities: Various individual and joint activities are implemented by each agricultural environment area, including soil, water, landscape, heritage and ecology

4.3 Mining and energy

4.3.2 Energy

Paragraph 4.81, page 155: the report notes that Korea's Third Energy Master Plan aims at "strengthening the global competitiveness of the energy industry, by fostering future energy industries such as renewable energy".

EU question 64: Could Korea explain how it intends to promote the global competitiveness of its clean energy sector? In particular, how does Korea assess the impact of local content requirements for clean energy projects (for instance in offshore wind) on the competitiveness of its clean energy industry?

[ANSWER]

Following the establishment of its hydrogen roadmap, Korea is creating a hydrogen ecosystem that covers the entire lifecycle from production and distribution to storage and utilization. Going forward, Korea will strengthen the clean hydrogen ecosystem by i) establishing a clean hydrogen production system, ii) building distribution infrastructure to safely transport a large amount of hydrogen, and

iii) facilitate the utilization of hydrogen in a variety of sectors, including power generation, industries and transportation.

Energy efficiency global markets such as high-efficient materials and energy solution services are expected to expand continuously. In order to support the increasing domestic and international demand for energy efficiency enterprises, we intend to foster related industries by supporting the development of energy efficiency-related technologies.

4.3.2.2 Regulatory and institutional framework

Paragraph 4.86, page 156 and paragraph 3.127: the report notes that during the period under review, sector-specific support measures benefited, among others, also the energy sector.

EU question 65: Could Korea provide an overview of the total amount and the rationale of public financial support granted to the energy/sector, in particular as regards renewable energy?

[ANSWER]

The budget for deploying renewable energy and improving technologies is about KWR 1.7 trillion in 2021.

4.3.2.3 Policies

4.3.2.3.1 Border policies

Paragraph 4.89, page 157: As Korea relies on imported energy products, import tariffs are often low.

EU question 66: What is the tariff on hydrogen, and how does it relate to tariffs on fossil fuels, such as oil and gas? Is Korea considering to differentiate tariffs between CO₂-neutral and fossil-based new energy carriers, such as hydrogen and its derivatives? Is Korea planning to support initiatives related to a certification of green hydrogen or considering to establish its own certification scheme for green hydrogen in international value chains?

ANSWER:

The WTO concession tariff on hydrogen of Korea is 5.5%, and the FTA tariff on hydrogen is 0% in a number of FTAs that Korea signed, between EU, U.S., China, etc. On the other hand, the tariff rates for major fossil fuels are 3% for motor spirit, 3% for gas oil, 0% for anthracite, 0% for bituminous coal. On the other hands, Korea is not considering to differentiate tariffs between CO₂-neutral and fossil-based new energy carriers.

4.3.2.3.2 Domestic support

Paragraph 4.91, page 157: The Government allocated a significant part of its budget to implement the Green New Deal (Section 4.3.2 and 3.3.1.2). In addition, subsidies are provided to reduce emissions for old diesel vehicles, and to support the purchase of natural gas, electric, and hydrogen fuel-cell vehicles. Prices of electricity are monitored or controlled (Sections 3.3.1.2 and 3.3.4.2).

EU question 67: How will Korea ensure technological neutrality of domestic support, not favouring one particular technology contributing to the objective of decarbonisation?

[ANSWER]

Korea provides purchase subsidies to expand the supply of electric vehicles and hydrogen vehicles, and the subsidies are provided differently depending on performance and price regardless of the country of production.

4.3.2.4.2 Natural gas

Paragraph 4.100, page 158: the report mentions that Korea Gas Corporation (KOGAS), a state-owned vertically integrated company, purchases most of the LNG."

Paragraph 4.101, page 158: says that Companies meeting the requirements of the Urban Gas Business Act and its Presidential Decree are allowed to import natural gas for their own use, or resell their unused LNG to overseas markets. They cannot sell their gas on the domestic market.

Paragraph 4.102, page 158: says KOGAS is the only wholesaler, and is also the transmission system operator, of gas in Korea.

EU question 68: Could Korea explain if, and if so, how, it will further reform its LNG and natural gas sector to allow more open and free trade, for instance by allowing other companies than KOGAS to

import LNG (in addition to the companies who currently can import LNG to cover their own demand), to become a wholesale LNG/natural gas trader within Korea, as well as to re-export LNG?

[ANSWER]

The wholesale business of natural gas in Korea is a public business that prioritizes the country's energy security by ensuring a reliable and uninterrupted supply. Since the wholesale business includes operations of LNG receiving terminals and pipeline networks, the Korean government granted the exclusive authority of natural gas wholesale to a state-owned company, Korea Gas Corporation (KOGAS). However, the percentage of natural gas users who import gas for their own use instead of buying from KOGAS is increasing, hovering around 22%. Notably, the Korean gas market is growing more competitive.

4.3.2.5 Electricity

Paragraph 4.109, page 159: Retail prices are not set by the market; rather, they are regulated by the Government, through MOTIE, in accordance with the Electricity Utility Act and the Price Stabilization Act.

Paragraph 4.113, page 159: According to an IEA report, there is no independent electricity sector regulator in Korea. MOTIE remains the key regulatory entity. Its responsibilities include granting electricity business licences; approving market rules, transmission and distribution tariffs, and retail sales prices; and regulating wholesale electricity prices.

Paragraph 4.115, page 159: KEPCO, a government-owned corporation, dominates the electricity sector.

Paragraph 4.117, page 160: KEPCO owns the electricity transmission and distribution systems in Korea. It is the only operator of the distribution system, and the only electricity retailer.

EU question 69: Can Korea explain if and how it ensures a level playing field for domestic and international investors in renewable electricity capacity?

ANSWER:

There is no discrimination against investment in domestic or overseas investment, and Korean government understand that global investment is actively being made in large-scale renewable energy businesses in Korea.

4.3.2.6 New and renewable energy

Paragraph 4.121, page 160: Promoting energy from renewable sources is the core of Korea's energy target.

EU question 70: A central aspect of Korea's strategy to decarbonize the electricity supply is the expansion of renewable energy capacity, in particular offshore wind. How is the Korean government ensuring unobstructed and equal access for international companies and transparency regarding offshore wind tenders?

ANSWER:

There is no discrimination against domestic overseas facilities in bidding related to offshore wind power.

Paragraph 4.121, page 160: Promoting energy from renewable sources is the core of Korea's energy target. Korea is committed to increasing the share of renewables in power generation to 20% by 2030 and to 30%-35% by 2040. Currently, the share of new and renewable energy in TPES (2.4% in 2019) is much lower than the IEA median (11%), and the share of renewable energy in power generation (4.9%) is also lower than the IEA median (27%).

Paragraph 4.123, page 160: MOTIE formulates basic national plans for the promotion of new and renewable energy every five years. MOTIE also oversees the regulations for renewable electricity generation, including the allocation of permits.

EU question 71: Given the ambitious goals of the Green New Deal and the current rigid structure and vertically integrated character of Korea's power sector, does Korea perceive a need to enhance competition in its power sector in order to reach the Green New Deal objectives in a cost-efficient way?

ANSWER:

Competition is enhanced as the public share in the power generation sector falls in the mid- to long-term and the ratio of renewable energy increases thanks to the expansion of renewable energy in the pursuit of Korea's Renewable Energy 3020 policy.

Competition has already been introduced in the power generation sector, especially in the case of LNG power generation projects and thanks to transition from coal to gas power, competition between KEPCO subsidiary and private companies in Gas power generation is enhanced

Paragraph 4.123, page 160: Pursuant to the Act on Development, Use and Diffusion of New and Renewable Energy (Renewable Energy Act), MOTIE formulates basic national plans for the promotion of new and renewable energy every five years.

EU question 72: Currently, electricity generation from hydrogen fuel cells is subsidized through the RPS and qualifies as renewable energy source, even though the hydrogen used as fuel might not be CO₂-neutral. Is Korea planning to adjust the scheme, taking the emissions related to the fuel used into account?

ANSWER:

In order to expand the deployment of clean hydrogen in the future, we plan to operate "clean hydrogen portfolio standards (chps)"

4.4 Manufacturing**4.4.2 Automotive**

Table 4.10, page 163: Automobile supply and demand, 2016-20.

EU question 73: Korea subsidises the purchase of electric cars and provides the respective charging infrastructure. What are the results so far? How many electric cars are on the streets (are registered)? Are there other measures to promote the shift to electromobility? Is there a deadline for the prohibition of combustion engine vehicles? Will Korea promote the deployment of fast charging stations for EV using international connection standards?

[ANSWER]

By September 2021, a cumulative total of 201,000 electric vehicles were registered, and a total of 95,000 electric vehicle chargers were built. To accelerate the transition to zero-emission vehicles, the government is promoting support policies such as purchase subsidies, tax benefits, and charger installations. In addition, while imposing supply obligations on automobile manufacturers, we impose purchase obligations on public institutions and private companies.

Currently, there is no separate ban period for internal combustion engine vehicles, and a fast charger using international connection standards is in the process of being established.

4.4.3 Shipbuilding

Paragraph 4.143, page 164: Korea remains the second-largest shipbuilder in the world, after China.

EU question 74: as regard government support to shipbuilding, is Korea planning any future measures in order to avoid injurious pricing, as negotiated in the framework of the negotiations on the OECD shipbuilding agreement?

[ANSWER]

Korea has contributed to the progress and the policy direction of global shipbuilding industry in the WP6 of the OECD and will continue to do that.

EU question 75: Could Korea please explain the main characteristics of the Korean roadmap to respond to the LNG demand and indicate how the Korea ensures that no subsidies will be granted to ailing enterprises that do not have a credible restructuring plan based on realistic assumptions allowing the recipient to return to long term viability?

[ANSWER]

The roadmap is for promoting spread of environmental-friendly vessels to reduce pollution and protect marine environment. Only those who are certified as environmental-friendly can apply for those subsidies and a Committee will evaluate the soundness of those applicants by checking on credibility and performances

Regarding Ecoship, Korea announced in April 2021 the 14th long-term natural gas demand and supply plan spanning from 2021 to 2034, which contains LNG procurement strategy, demand and supply control measures, and natural gas infrastructure management plans. More specifically, the plan covers natural gas infrastructure construction plans and the nation's gas demand and supply plan drawn in considerations of supply stability, price competitiveness, and strategic cooperation.

② Korea does not provide natural gas subsidiaries to neither public nor private companies.

4.5 Services

4.5.1 Features

Paragraph 4.157, page 167: SMEs may also benefit from digital technologies to reduce costs and expand markets. However, an OECD report considers that digital technologies are not used to their full potential in SMEs, which are concentrated in low-productivity and less knowledge-intensive services, such as wholesale and retail trade, transportation, accommodation, and food services. Compared with their counterparts in other OECD countries, Korean SMEs have more difficulties in hiring highly skilled university graduates because they offer less attractive jobs than do larger conglomerates. Korean authorities disagree and state that SMEs across the globe are now struggling to recruit new employees, and there is little evidence that Korean SMEs face a disproportionately challenging situation compared to those in other OECD countries.

With the goal of tackling the challenges described above, such as finding highly skilled university graduates, digitalization of SMEs and decarbonization of the most important economic areas, new policy undertakings might be needed.

EU question 76: Does Korea plan to take any specific measures in order to meet the challenges mentioned above?

[ANSWER]

The Ministry of SMEs and Startups (MSS) of Republic of Korea declared "Transformation to the digital economy and Smart Korea" as its vision of the year 2020 and dedicated its resources, expertise and capabilities to achieve digitalization of MSMEs.

As the unprecedented pandemic hit hard MSME in South Korea, the ministry has focused on strengthening the resilience of MSMEs through digitalization such as introduction of smart technology. The OECD conducted a study on South Korea's strategy for digitalization of MSME in the first half of 2021, and the OECD recognizes the Korean government's policies for MSMEs digitalization has achieved the intended goal of enhancing SME's resilience and addressed the long standing challenge of low digital adoption among MSME in Korea.

For more details, please refer to the following policy report* jointly published on 30 June 2021 by the OECD and the Ministry of SMEs and Startups.

* Policy report: Enhancing SMEs' Resilience through digitalisation: The Case of Korea

4.5.2 GATS and RTA commitments

Paragraph 4.161, page 167: During the review period, Korea also notified to the WTO its mutual recognition agreements with the State of Texas (United States), and with Australia, on professional engineers.

EU question 77: Would a professional (engineer) covered by the MRAs listed in para 4.161 obtain any further rights beyond the commitments set out in Korea's GATS schedule (WTO document GATS/SC/48, 15 April 1994), in particular the horizontal commitments for entry and temporary stay of natural persons in the category "(iii) Specialists" ?

[ANSWER]

Mutual Recognition Agreements with the State of Texas (United States), and with Australia, on professional engineers, regulate an duty that signing countries should recognise engineers from the other signing countries as their domestic engineer. Both MRAs do not regulate any obligation related to entry or stay of natural persons.

On the other side, WTO GATS regulates that natural persons in the category ""(iii) Specialists" is limited to a period not exceeding three years that may be extended if extension is deemed to be necessary. This agreement is a commitment related to entry or stay of natural persons.

Recognition of certificates or license should be separated with entry permission. Recognised engineers from Texas or Australia are not always permitted to enter Korean border. People who satisfy entry standard which is ruled by Korean laws is able to enter and stay in Korean territory.

Since MRA and GATS regulated completely different duties (Mutual recognition and Entry or Stay), it is impossible to judge whether a professional (engineer) covered by the MRAs listed in para 4.161 obtain any further rights beyond the commitments set out in Korea's GATS schedule.

4.5.3 Financial services

Table 4.12, page 168: Structure of the financial system, 2015 and 2020.

EU question 78: Footnote (b) on specialised banks enumerates five of them whereas only three of them are referred to in the table. Could Korea add the missing ones?

ANSWER:

Institutions	No. of establishments		Assets (\ billion)		Loans and discounts (\ billion)	
	2015	2020	2015	2020	2015	2020
Specialized banks	5	5	871,316	1,199,493	545,466	721,829
KDB	1	1	255,931	290,841	121,128	137,484
Korea EXIM	1	1	81,890	97,590	65,602	70,222
IBK	1	1	241,806	381,793	167,041	237,460
NH bank	1	1	261,295	376,702	172,783	241,879
SH bank	1	1	30,393	52,566	19,405	35,652

Footnote(b) The Korea Development Bank (KDB), the Export-Import Bank of Korea (EXIM Bank), the Industrial Bank of Korea (IBK), the National Agricultural Cooperative Federation, and the National Federation of Fisheries Cooperatives.

Paragraph 4.165, page 169: The report notes that "during the review period, more foreign financial companies left than entered the Korean market", that "the number of foreign bank branches dropped from 39 in 2015 to 36 in 2020" and that "in 2021, foreign financial institutions accounted for about 10.6% of financial sector assets (11% in 2015)".

EU question 79: How does the Korean government explain the reduced involvement and the declining share of foreign financial institutions on the Korean market? Does the Korean government consider this trend as problematic, and possibly related to any *de facto* or *de jure* discrimination against foreign financial institutions?

ANSWER:

Due to the low interest rate, economic contraction caused by Covid19 pandemic and development of non-face-to-face business in the financial sector, the withdrawal of off-line branches is a global trend.

Korea is pursuing policies regarding stabilizing financial markets and establishing an advanced financial order abiding by the principle of FTA, such as National Treatment and Most Favoured Treatment between local financial institutions and foreign ones.

4.5.3.2 Insurance

4.5.3.2.2 Regulatory framework

Paragraph 4.200, page 175: There are no foreign equity restrictions. Insurance companies, both domestic and foreign, must maintain funds of at least KRW 30 billion to do business in Korea. This requirement changed to KRW 3 billion for insurance branches. If insurers seek to handle certain insurance products, but not all, they need to maintain funds of at least KRW 5 billion, pursuant to presidential decrees.

EU question 80: Could Korea add a similar brief description on foreign equity restrictions, as well as the minimum capital requirements, in the banking sector – for instance at the end of the section on banking (after 4.190)?

ANSWER:

<Minimum Capital Requirement>

A bank : KRW 100 billion

A local bank & an Internet only bank: KWR 25 billion

There are no foreign equity restriction. However, no same person shall hold stocks of a bank in excess 10/1000 of its issued stocks. Where a person who intends to hold stocks of a bank pursuant to the Banking Act is a foreign person, it should be a financial institution or a financial holding company constituted under the laws of another country.

4.5.5 Transport services

Paragraph 4.230, page 180: Both road and air transportation are subject to competition laws, while the international liner transport segment of maritime transport is exempt.

EU question 81: Could Korea provide details on the reasoning behind the exemption of international liner transport from competition laws and the functioning of this exemption in practice?

[ANSWER]

According to Article 29 of the Marine Transportation Act, joint activities are limitedly allowed to international liner transport companies, if a provider of overseas cargo transportation services enter into an agreement on cargo rates etc and file a report on its terms with the Ministry of Oceans and Fisheries.

4.5.5.1 Maritime transport

Paragraph 4.233, page 180: Following the bankruptcy of Hanjin Shipping – once one of the world's top 10 shipping companies – in February 2017, MOF announced its five-year plan in April 2018 to rebuild the shipping industry. The Plan aims to: secure stable cargo volumes based on competitive maritime services and freight rates, by operating a cooperative mechanism for mutual benefit between shipping companies and shippers; restore shipping competitiveness by increasing the number of low-cost and high-efficiency ships, expanding the national flag fleet with an additional 200 new vessels including ultra large container ships, and supporting the introduction of eco-friendly ships; and encourage shipping companies to continue maritime innovation by enhancing cooperation among themselves to secure their management stability, promoting cooperation among container shipping lines, supporting small and medium-sized shipping companies, securing domestic and overseas base port terminals, and monitoring shipping transactions.

EU question 82: Could Korea explain how the "cooperative mechanism for mutual benefit between shipping companies and shippers" functions, as well as the "enhanced cooperation" between shipping companies that is encouraged under the five-year plan? Could Korea give more details on the role and nature of support provided by the Korean public authorities in both of these mechanisms? Could Korea provide practical examples of the cooperation between shipping companies and shippers, and between shipping companies?

ANSWER:

The cooperative mechanism is a mere symbol that indicates the relationship between the restoration of shipping competitiveness and ship construction. There is no practical differentiated treatment between domestic and foreign ship builders regarding support from public bodies such as the Korean Ocean Business Corporation. Cooperation between shipping companies refers to voluntary cooperation between companies. Reconstructing ship routes to prevent excessive competition can be an example.

Paragraph 4.232, page 180: provides some details on the MOF's five-year plan to rebuild the shipping industry.

EU question 83: Could Korea explain what they have done to keep freight rates in check in the current environment where container rates are reaching new record highs everywhere, particularly on the East-West and transpacific routes? Would the Korean government kindly explain what measures they are envisaging to promote innovation through cooperation among shipping lines?

ANSWER:

There are no special regulations for international freight rates, but companies should declare their rates before 15 days in case they apply fluctuation rates for fair competition. There is no plan to promote innovation through cooperation among shipping lines currently.

Paragraph 4.234, page 181: the report states that the five-year plan helped HMM, formerly known as Hyundai Merchant Marine, move up its global ranking as the eighth-largest container carrier in the world in terms of capacity (up from 13th before 2018). It also helped increase the operating revenue in the shipping sector, and the container shipping capacity.

EU question 84: Could Korea provide further information on the status of such five-year plan, what type of support has been granted to shipbuilding and/or shipping services and how does Korea reconcile the compatibility of its plan with multilateral trading rules, namely the GATT 1994 and the ASCM?

[ANSWER]

The 5 year plan includes shipping finance and liquidity provisions for shipping companies. With regard to ship construction supports, there are no discrimination between domestic and foreign shipbuilders, and liquidity provisions are based on market based interest rates.

Paragraph 4.235, page 181: states that the Government has also been making efforts to build a global maritime power hub by win-win partnerships between shipping and shipbuilding, and to enhance the competitiveness of the shipbuilding industry by developing technology to build eco-friendly vessels and supporting vessels going green. Progress made includes: (i) adjusting overlapped routes and developing new routes; (ii) providing subsidies (to shipping lines) to replace coastal cargo ships by eco-friendly vessels, with a target to build up to 100 green vessels by 2022; (iii) establishing infrastructure for LNG-powered vessels; (iv) rehabilitating the shipbuilding industry by localizing materials for marine plants until 2022; and (v) implementing renewal projects.

EU question 85: What measures is the Korean government taking to ensure that its subsidies are not distorting the level playing field between Korean market players and their foreign competitors? What other measures is the Korean government taking to ensure that the desired enhancement of the competitiveness of the shipbuilding industry remains compatible with effective competition, notably in view of the global nature of the markets in question? Could Korea provide further information on what type of support has been granted to shipbuilding and/or shipping services and how does Korea reconcile the compatibility of such support with multilateral trading rules (such as the GATT 1994 and the ASCM)?

ANSWER:

For the former part, please look at the answer for Q84. The Korean government supports construction costs in cases where companies transfer their vessels to eco-friendly ones. However, the support is not limited to domestic ones, and there were 5 cases where foreign shipbuilders were subsidised. Korea is implementing measures for fair trade.

With the acknowledgement that the level playing field is one of the most important factors, Korean policy in shipbuilding industry has been made within the multilateral trading rules. From the private sector, it was known that each shipbuilding company in Korea is making efforts to enhance its competitiveness by increasing the productivity and reducing the cost through the technology development.

Paragraph 4.241, page 182: the report states that under the Ship Act (Article 6), foreign vessels are not permitted to engage in cabotage. However, coastal trade is allowed if specified by law or treaty, approved by the MOF, or if it is to avoid marine accident or marine capture. For example, coastal trade has been allowed to be carried by foreign vessels between Busan and Gwangyang ports since 2003, and between Incheon and Gwangyang ports since 2005, both with no time limit.

EU question 86: Could Korea specify all the current exceptions to the prohibition of cabotage services by foreign ship-owners (i.e. between which ports foreign service providers are allowed to operate)?

ANSWER:

	Starting Year	Period	Scope	
Pusan~Gwangyang	2003	Continued	Export, import Containers	Permmision from the regional administration body required
Incheon~Gwanyang	2005	Continued	Export, import Containers	Permmision from the regional administration body required
Others (Pyeongtaek Dangjin, Kunsan, Gwangyang, Masan, Incheon, Ulsan, Mokpo, Pusan)	2016	Untill 30.06.2022	Export, import mobilities	Permmision from the regional administration body required

4.5.5.2 Air transportSection 4.5.5.2, page 183

EU question 87: In Europe policy aims to shift traffic to rail for short distances. Are there similar efforts in Korea? Is there an emissions trading system for air traffic other than Corsia?

ANSWER:

In order to realize carbon neutrality in the aviation sector, various policies are being promoted, including the introduction of high-efficiency eco-friendly aircraft, expansion of bio air oil, and installation of hydrogen cars/electric vehicles and related infrastructure at airports. We are not yet considering how to reorganize the air route.

In addition to CORSIA, the emission trading system has been in effect since 2015 for domestic flights operating in Korea.

Paragraph 4.256, page 185: Take-off and landing slots are allocated in the order of priority, according to slots retained from the previous season for scheduled air services, slots used for scheduled air services in the previous equivalent and non-equivalent seasons, and new slots requested for scheduled and non-scheduled air services. Slots are not transferable. Unused slots are collected according to relevant regulations and are re-allocated if necessary.

EU question 88: Could Korea indicate if any flexibility in slot allocation has been introduced in the wake of the pandemic?

ANSWER:

If the Minister of Land, Infrastructure and Transport admits that the reason for the suspension of aircraft is due to the spread of infectious diseases, the recovery of slots can be suspended during the period, and the above conditions are applied to non-operation of aircraft due to the global spread of COVID-19.

4.5.6 Distribution services with a specific focus on e-commerce

Paragraph 4.277, page 187: E-commerce is mainly regulated under the Act on Consumer Protection in Electronic Commerce (Act No. 15141), which was partially amended in November 2017. The authorities state that this Act is currently being fully revised, and the pre-announcement of legislation was made in March 2021.

EU question 89: Could Korea provide more information on the revision of the Act on Consumer Protection in Electronic Commerce, in particular regarding the scope of the envisaged changes and the timeline for the implementation of the revised legislation?

ANSWER:

Since March 2021, amendments to the "E-commerce Act", which has similar details to the pre-announced bill by the government, have been proposed to the National Assembly and are set to be deliberated. However, it is unsure when the act will pass the National Assembly and take into effect. The core of these bills is to change the regulatory system to suit the new e-commerce environment, which has changed with online platform at the center of it, not sellers. Prior to the emergence of online platforms such as open markets, online transactions took place directly between sellers and consumers. As a result, the original "E-commerce Act" enacted 20 years ago focused on the obligations and responsibilities of sellers to protect consumers, and what sellers should not do. Now, 20 years later, the e-commerce environment has changed tremendously. Online platforms

such as open markets have emerged, connecting consumers and sellers, and are also deeply involved in transactions between them. Instead of looking for individual online shops as in the past, consumers turn to open markets such as Coupang and Tmon for their shopping, and sellers are also using platforms provided by open markets instead of opening their own websites. It has been a long time since these platform-oriented transactions have become the norm of e-commerce, but the "E-commerce Act" still puts much emphasis on sellers' obligations and responsibilities without much change. The bills proposed at the National Assembly are intended to improve this problem and impose platforms appropriate obligations and responsibilities for consumer protection.

In addition, in the case of delivery of alcoholic beverages at restaurants, regulations do not discriminate between domestic and imported alcoholic beverages, and it is also possible to deliver imported alcoholic beverages with food.

EUROPEAN UNION – REVISED ANSWERS

Paragraph 3.21, page 8: In October 2020, Korea pledged to achieve carbon neutrality by 2050 and announced the 2050 Carbon Neutral Strategy in December 2020.

EU question 4: Could Korea provide information on how it plans to advance this objective and what impact this policy would have on its trade policy?

ANSWER:

In October 2020, the Korean government declared to move towards the goal of carbon neutrality by 2050. Later in December 2020, related ministries jointly established the 2050 carbon-neutral action plan, and in May this year, set up the presidential committee of carbon neutrality, which acts as the center of governance in implementing the 2050 carbon neutrality.

In August this year, the committee disclosed the first draft of 2050 carbon neutrality scenarios, laying out Korea's vision for a carbon neutral future in 2050. In September this year, the government enacted the Framework Act on Carbon Neutrality and Green Growth, which enshrines the 2050 vision and its implementation mechanism in law. As a mid-term target to achieve the 2050 long-term goal, Korea plans to enhance its 2030 NDC target, which will be presented to the international community at COP26 in coming November.

The policy direction for so-called green trade, which requires a balance between the value of the environment and the growth of trade scale, is expected to increase.

In particular, carbon neutrality can become a new regulation for small and medium-sized enterprises (SMEs) with relatively limited financial resources or information.

Therefore, in preparation for the implementation of the carbon-neutral goal, the main goal of future trade policy is to enhance the capability of exporting SMEs and SMEs from the product design stage to comply with procedures to achieve the carbon-neutral goal and use it as an opportunity to expand their entry into the global market.

Paragraph 4.36, page 13: The report mentions that "the Korean Government is committed to improving the quality of foreign investment, enhancing the linkage with Korean industrial policies".

EU question 10: Could the Korea explain how the "quality" of foreign investment is determined and what policies it pursues to improve the quality of foreign investment and enhance the linkage with Korean industrial policies?

ANSWER:

High value-added(or high-quality) investment mainly refers to investment in cutting-edge technology sectors or emerging industries legally/statutorily determined by related regulations which are reviewed upon request or once in every 3 years.

In order to attract these high value-added(or high-quality) investment, the priorities of different target companies are determined and managed through database. This allows concentrating IR capabilities on the investments of higher qualities.

3.3.7.1.2 Trademarks

Paragraph 3.255, page 130: the report indicates that Geographical indications (GIs) remain protected under the Trademark Act, the Agricultural and Fishery Products Quality Control Act, and

the Unfair Competition and Trade Secrets Protection Act. The Trademark Act and the Fishery Products Quality Control Act protect GIs that are registered and provide a registration process, while the Unfair Competition and Trade Secrets Protection Act protects unregistered GIs when their protection under the Trademark Act or the Agricultural and Fishery Products Quality Control Act has become ineffective

EU question 52: Could Korea clarify what is the scope of protection for unregistered GIs? Can Korea provide a list for unregistered GIs?

ANSWER:

GIs protected under the FTAs signed by Korea are protected as unregistered GIs under the Unfair Competition and Trade Secrets Protection Act, so the scope of protection for unregistered GIs are as stipulated in the Unfair Competition and Trade Secrets Protection Act in line with the FTA signed by Korea. The lists of unregistered GI can be found in the agreements of the Korea-EU FTA, the Korea-Canada FTA, the Korea-Turkey FTA, the Korea-Chile FTA, the Korea-Peru FTA, and the Korea-UK FTA.

Paragraph 3.258, page 130: indicates that a trademark containing GIs for wines or spirits originating in any WTO Member may not be registered (Trademark Act, Article 7(1)(xiv)). The use of GIs to identify wines or spirits that do not originate in the place indicated is prohibited, even if the true origin is given or the GI uses expressions such as "kind", "type", "style", or "imitation".

EU question 55: Article 10.21 of the EU-Korea Free Trade Agreement does not differentiate between geographical indications, namely wines, spirits, aromatised wines and foodstuffs shall be protected under the same level of protection. Could Korea clarify how the high level of protection provided under the FTA for all GIs is implemented in the trademark legislation? If it is not implemented, are the relevant Articles of the FTA directly applicable in Korea?

ANSWER:

In trademark legislation, a high level of protection provided for GIs protected under the Korea-EU FTA is implemented through Article 34(1)(xix) of the Trademark Act. According to page 51902 of the Trademark Examination Guidelines corresponding to Article 34(1)(xix) of the Trademark, the registration of a trademark shall also be refused if the trademark consist of a GI protected under the FTA which is accompanied by expressions such as "kind", "type", "style", "imitation" or the like.

3.3.7.3 Enforcement

Paragraph 3.279, page 134: the report states that Korea continues to generally provide strong IPR protection and enforcement. Reportedly, IP-related concerns relate to, inter alia: counterfeit transshipments, especially via small express-shipped parcels; GIs; and a lack of deterrent-level civil and criminal penalties for IP violations.

EU question 58: Could Korea provide more information regarding the enforcement concerns related to GIs? Are there any available data on the value and volume of counterfeit products?

ANSWER:

GIs are well protected in Korea at a level that satisfies the Korea-EU FTA (see answer to question 55), and the concern over GIs in Korea is the USTR's opinion.

The enforcement performance of KIPO, KIPO-Police, KIPO-local government

		2018	2019	2020
Arrest (criminal)	People	361	376	617
Confiscation (criminal)	Parcel	720 thousand	6,300 thousand	540 thousand
Recommendation of correction(administative)	People	1,651	1,679	1,539

EUROPEAN UNION – FOLLOW-UP QUESTIONS

Paragraph 3.156, page 99: The report notes that Korea made 348 new notifications (281 in 2012-15), of which 323 were regular, under the WTO TBT Agreement.

EU question 33: Does Korea in general have a policy of replying to WTO member comments on TBT notifications? What is the average time taken to reply to these comments?

ANSWER: In Accordance with Articles 2.9 and 5.6 of the WTO TBT Agreement, comments from WTO Members on TBT notifications are conveyed via TBT Enquiry Points to Korea's competent regulatory authorities. The comments are then fully reviewed, and Korea endeavours to reply within 60 days in general.

1. EU follow-up question: Could Korea clarify if Korea replies to comments that arrive after the deadline of the commenting period, or if Korea has a consistent policy of not replying to late comments?

[Answer]

Whether Korea can reply to comments that arrive after the deadline of the commenting period depends on various factors such as the regulatory enforcement schedule of each competent authorities. So if it is difficult to submit comments within commenting period, it is recommended to request an extension of the commenting period.

Paragraph 3.157, page 99: During the review period, Members raised specific trade concerns (STCs) at the Committee on Technical Barriers to Trade regarding several measures under consideration or taken by Korea (e.g. ballast water, textile products for infants, warning on alcoholic beverages drinking, package recycling, energy efficiency management equipment, household chemical and biocidal products, and wood products). The testing regime for textile products for infants applicable in Korea is not in line with the standards applied in most developed countries, significantly increasing the cost of distribution for retailers.

EU question 34: Is Korea considering a reform of its practices in this matter?

ANSWER: For STCs raised against Korea in regular meetings of the WTO TBT Committees, the requests are reviewed by Korea's competent regulatory authorities. The review results are then officially submitted, and additional replies are conveyed via Members' TBT Enquiry Points as necessary.

2. EU follow up question: Could Korea please indicate its envisaged timeline to provide responses?

[Answer]

If EU delivers additional opinions on STCs discussed in the last WTO TBT Committees, Korea will deliver the opinions reviewed by competent authorities via TBT Enquiry Points

3.3.7.2 Copyright and related rights

EU question 57: As the report does not make reference to the issue of public performance rights for which there is an overly broad exception in the existing law, could Korea provide information on the changes made or foreseen in this regard? Could Korea provide more information on its efforts to improve collection, including for venues of smaller than 3000m², and to expand the type of places subject to collection such as fast food chains and bakeries?

ANSWER: In August 2018, the revised enforcement decree of the Copyright Act has been implemented to extend the application of public performance rights to cafe, draft beer pub, and fitness gym. Regarding the venues of smaller than 3000m², approximately 92,000 stores that were not obligated to bear public performance fee for performing music prior to the revision of the enforcement decree has been subject to the collection of the public performance right fee. Collective management organizations are working to promote the right to users, raising awareness about public performance right. However, reflecting Covid-19 situation, performance fees are exempted for the store that runs less than 10 days a month, and reduced 50% for the store that runs 10-20 days a month.

3. EU follow up question: Could Korea provide a reference to the 2018 revised enforcement decree of the Copyright Act mentioned in the answer? Is the decree publicly available and if yes, where can it be found?

[Answer]

Please find attached 2018 revised enforcement decree of the Copyright Act Article 11 and refer to

the law information center, www.law.go.kr.

Paragraph 4.200, page 175: There are no foreign equity restrictions. Insurance companies, both domestic and foreign, must maintain funds of at least KRW 30 billion to do business in Korea. This requirement changed to KRW 3 billion for insurance branches. If insurers seek to handle certain insurance products, but not all, they need to maintain funds of at least KRW 5 billion, pursuant to presidential decrees.

EU question 80: Could Korea add a similar brief description on foreign equity restrictions, as well as the minimum capital requirements, in the banking sector – for instance at the end of the section on banking (after 4.190)?

ANSWER: <Minimum Capital Requirement> A bank: 100 billion Won ; A local bank & an Internet only bank: 25 billion Won. There are no foreign equity restriction. However, no same person shall hold stocks of a bank in excess 10/1000 of its issued stocks. Where a person who intends to hold stocks of a bank pursuant to the Banking Act is a foreign person, it should be a financial institution or a financial holding company constituted under the laws of another country.

4. EU follow-up question: Could Korea clarify if this means that any acquisitions above 10/1000 of the issued stock are possible, but subject to the conditions set out in the Banking Act?

[Answer]

The same person may hold stocks of a bank by obtaining approval from the FSC, exceeding the limit.

Paragraph 4.235, page 181: states that the Government has also been making efforts to build a global maritime power hub by win-win partnerships between shipping and shipbuilding, and to enhance the competitiveness of the shipbuilding industry by developing technology to build eco-friendly vessels and supporting vessels going green. Progress made includes: (i) adjusting overlapped routes and developing new routes; (ii) providing subsidies (to shipping lines) to replace coastal cargo ships by eco-friendly vessels, with a target to build up to 100 green vessels by 2022; (iii) establishing infrastructure for LNG-powered vessels; (iv) rehabilitating the shipbuilding industry by localizing materials for marine plants until 202295; and (v) implementing renewal projects.

EU question 85: What measures is the Korean government taking to ensure that its subsidies are not distorting the level playing field between Korean market players and their foreign competitors? What other measures is the Korean government taking to ensure that the desired enhancement of the competitiveness of the shipbuilding industry remains compatible with effective competition, notably in view of the global nature of the markets in question? Could Korea provide further information on what type of support has been granted to shipbuilding and/or shipping services and how does Korea reconcile the compatibility of such support with multilateral trading rules (such as the GATT 1994 and the ASCM)?

5. EU follow-up question:

As regards the government support to South Korean shipyards, the EU would like to know whether South Korea is planning any future measures at national or international level in order to avoid injurious pricing in accordance with the definition of the (not yet applied) OECD shipbuilding agreement (i.e. vessels of one Party are sold at less than their normal value to a national in another Party)"?

[Answer]

It is difficult to derive consensus on the injurious price in the shipbuilding sector, which is made to order that reflects the requirements of shipping companies(custom-method), so it is desirable to secure fair competition conditions through subsidy regulation rather than injurious price.

Korea has been and will continue to participate constructively in the global shipbuilding industry policy discussion to secure such level playing field through the OECD Shipbuilding Working Group(WP6).

Paragraph 4.277, page 187: E-commerce is mainly regulated under the Act on Consumer Protection in Electronic Commerce (Act No. 15141), which was partially amended in November 2017. The authorities state that this Act is currently being fully revised, and the pre-announcement of legislation was made in March 2021.

EU question 89: Could Korea provide more information on the revision of the Act on Consumer Protection in Electronic Commerce, in particular regarding the scope of the envisaged changes and the timeline for the implementation of the revised legislation?

ANSWER: Since March 2021, amendments to the "E-commerce Act", which has similar details to the pre-announced bill by the government, have been proposed to the National Assembly and are set to be deliberated. However, it is unsure when the act will pass the National Assembly and take into effect. The core of these bills is to change the regulatory system to suit the new e-commerce environment, which has changed with online platform at the center of it, not sellers. Prior to the emergence of online platforms such as open markets, online transactions took place directly between sellers and consumers. As a result, the original "E-commerce Act" enacted 20 years ago focused on the obligations and responsibilities of sellers to protect consumers, and what sellers should not do. Now, 20 years later, the e-commerce environment has changed tremendously. Online platforms such as open markets have emerged, connecting consumers and sellers, and are also deeply involved in transactions between them. Instead of looking for individual online shops as in the past, consumers turn to open markets such as Coupang and Tmon for their shopping, and sellers are also using platforms provided by open markets instead of opening their own websites. It has been a long time since these platform-oriented transactions have become the norm of e-commerce, but the "E-commerce Act" still puts much emphasis on sellers' obligations and responsibilities without much change. The bills proposed at the National Assembly are intended to improve this problem and impose platforms appropriate obligations and responsibilities for consumer protection.

6. EU follow-up question: Could Korea provide more information on the obligations and responsibilities with regard to consumer protection that would be imposed on online platforms in the revised Act on Consumer Protection in Electronic Commerce?

[Answer]

If the revision of the "E-commerce Act" passes the National Assembly, platforms will bear various obligations and responsibilities. First of all, platforms are obligated to inform consumers of:

- (a) how they determine product search ranking and how they collect, manage and delete consumer reviews;
 - (b) whether they use personalized advertising;
 - (c) whether they are a direct seller or an intermediary of a certain product;
 - (d) how they fulfil an order from order receipt and payment to delivery between sellers and buyers.
- They also assume liability for consumer harm if necessary:

- (a) they share the liability of consumer compensation with the seller, when they mislead consumers into believing that they are a first party platform, not third-party marketplace through a false or misleading marketing and communication;
- (b) they also take responsibility for consumer compensation when consumer harm occurs from their brokerage during fulfilment from order receipt and payment to delivery between sellers and buyers.

Paragraph 4.161: During the review period, Korea also notified to the WTO its mutual recognition agreements with the State of Texas (United States), and with Australia, on professional engineers.

7. EU follow up question: Could Korea provide more information if a professional (engineer) covered by the MRAs listed in para 4.161 obtains any further rights beyond the commitments set out in Korea's GATS schedule (WTO document GATS/SC/48, 15 April 1994), in particular the horizontal commitments for entry and temporary stay of natural persons in the category "(iii) Specialists" ?

[Answer]

Mutual Recognition Agreements with the State of Texas (United States), and with Australia, on professional engineers, regulate an duty that signing countries should recognise engineers from the other signing countries as their domestic engineer. Both MRAs do not regulate any obligation related to entry or stay of natural persons.

On the other side, WTO GATS regulates that natural persons in the category ""(iii) Specialists" is limited to a period not exceeding three years that may be extended if extension is deemed to be necessary. This agreement is a commitment related to entry or stay of natural persons.

Recognition of certificates or license should be separated with entry permission. Recognised engineers from Texas or Australia are not always permitted to enter Korean border. People who satisfy entry standard which is ruled by Korean laws is able to enter and stay in Korean territory.

Since MRA and GATS regulated completely different duties (Mutual recognition and Entry or Stay), it is impossible to judge whether a professional (engineer) covered by the MRAs listed in para 4.161 obtain any further rights beyond the commitments set out in Korea's GATS schedule.

EUROPEAN UNION - APPENDIX TO FOLLOW-UP QUESTION 3

Article 11 (Exception of Public Performance with respect to Phonogram, etc. Published for Commercial Purpose) "Cases prescribed by Presidential Decree" in the proviso to Article 29 (2) of the Act means any of the following public performances: Amended by Presidential Decree No. 20676, Feb. 29, 2008; Presidential Decree No. 21634, Jul. 22, 2009; Presidential Decree No. 21676, Aug. 6, 2009; Presidential Decree No. 26333, Jun. 22, 2015; Presidential Decree No. 26398, Jul. 13, 2015; Presidential Decree No. 27503, Sep. 21, 2016; Presidential Decree No. 27970, Mar. 29, 2017; Presidential Decree No. 28251, Aug. 22, 2017.

1. The following public performances presented at a place of business pursuant to subparagraph 8 of Article 21 of the Enforcement Decree of the Food Sanitation Act:

(a) A public performance presented at business establishments selling coffee or other alcohol-free drinks prescribed in the standard classification concerning industries the Commissioner of the Statistics Korea publicly notify pursuant to Article 22 of the Statistics Act (hereinafter referred to as the "Korean Standard Industrial Classification") among rest restaurants prescribed in subparagraph 8 (a) of Article 21 of the Enforcement Decree of the Food Sanitation Act;

(b) A public performance presented at business establishments, such as draft beer shops or other liquor establishments prescribed by the Korean Standard Industrial Classification among general restaurants prescribed in subparagraph 8 (b) of Article 21 of the Enforcement Decree of the Food Sanitation Act;

(c) A public performance presented at a karaoke bar or an entertainment bar prescribed in subparagraph 8 (c) or (d) of Article 21 of the Enforcement Decree of the Food Sanitation Act;

(d) A public performance presented at a place of business that does not fall under any of items (a) through (c), whose part of the main contents of business is to allow the audience to appreciate music or cinematographic works, equipped with the equipments fit for appreciating music or cinematographic works;

2. A public performance given at any racecourse prescribed under the Korea Racing Authority Act and any bicycle race track or motorboat racing area prescribed under the Bicycle and Motorboat Racing Act;

3. A public performance given at the following facilities prescribed by the Installation and Utilization of Sports Facilities Act:

(a) Specialized sports facilities prescribed by Ordinance of the Ministry of Culture, Sports and Tourism among specialized sports facilities prescribed in Article 5 of the Installation and Utilization of Sports Facilities Act;

(b) Golf courses, dance institutes, dance halls, skiing grounds, aerobic dance halls, or physical training centers in attached Table 1 of the Enforcement Decree of the Installation and Utilization of Sports Facilities Act;

4. A public performance given at any passenger plane operated by the air transport business under the Aviation Business Act, any ship for the marine passenger transport business under the Marine Transportation Act, or any passenger train under the Railroad Service Act;

5. A public performance given at any hotel, resort condominium, casino, or amusement facility under the Tourism Promotion Act;

6. A public performance given at a superstore (excluding a traditional market defined in subparagraph 1 of Article 2 of the Special Act on the Development of Traditional Markets and Shopping Districts) prescribed in the attached Table of the Distribution Industry Development Act;

7. A public performance of cinematographic works published for commercial purpose given at a lodging facility or a public bathhouse defined in Article 2 (1) 2 or 3 (b) of the Public Health Control Act by installing the device for appreciating cinematographic works;

8. A public performance in the form of playback of cinematographic works published for commercial purpose for which six months have not passed from the date of publication in any of the following facilities, which are equipped with an installation for the appreciation of cinematographic works:

(a) Buildings and annexed facilities of the State and local governments (including subordinate institutions);

(b) Public performance places prescribed under the Public Performance Act;

(c) Museums and art galleries prescribed under the Museum and Art Gallery Support Act;

(d) Libraries prescribed under the Libraries Act;

(e) Local cultural institutes prescribed under the Promotion of Local Cultural Institutes Act;

(f) Social welfare service houses prescribed under the Social Welfare Services Act;

(g) Woman resource development centers and the Women's History Museum prescribed under Articles 47 and 50 of the Framework Act on Gender Equality;

(h) Youth training centers prescribed under subparagraph 1 (a) of Article 10 of the Juvenile Activity Promotion Act;

(i) Si/Gun/Gu residents halls among public facilities prescribed under Article 144 of the Local Autonomy Act.

GUATEMALA

3.152. Certification authorities are encouraged to negotiate MRAs with foreign counterparts. KOLAS is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Multilateral Recognition Arrangement (MLA) for testing, calibration, and medical testing; as of March 2021, 103 accreditation bodies from 105 economies had signed the ILAC MRA MLA. KAS is a signatory to the International Accreditation Forum (IAF) MLA for product certification. The Korean Accreditation Board (KAB) is a signatory to the IAF MLA for management systems certification and certification of persons. KOLAS, KAS, and KAB are the signatories to the APAC (Asia Pacific Accreditation Cooperation) MRA. The main scope of KOLAS under the APAC MRA is testing, calibration, and medical testing, while the main scope of KAS is product certification, and those of KAB are management systems certification and certification of persons. Korea is also a member of the Asia-Pacific Economic Cooperation (APEC) MRA on Conformity Assessment of Telecommunications Equipment (Phases I and II) and of Part I of the APEC Electrical MRA; it does not intend to participate in Parts II and III of the latter. It joined the MRA on Conformity Assessment of Electrical and Electronic Equipment in 2015.

1. The Guatemalan delegation, through its Accreditation Office (OGA) of the National Quality System, requests clarification on the following: If within the framework of the ILAC Mutual Recognition Agreement, of which Guatemala is a part Could Korea, through its Accreditation bodies, recognize the evaluation bodies accredited by OGA?

ANSWER:

KOLAS generally recognizes the equivalence of the bodies accredited by OGA under the ILAC MRA. However, the recognition of evaluation bodies under the APEC TEL MRA is determined by the Ministry of Science and ICT (National Radio Research Agency, RRA) as Korea's competent regulatory authority.

3.247. During the review period, KIPO implemented policies aimed at encouraging the use of patent data in the R&D process. Between 2019 and 2020, it expanded drastically the implementation of KIPO's IP R&D plan, aiming to improve the efficiency of R&D projects and secure core technologies.³⁴¹ This plan consists of expanding IP-R&D programs in public R&D projects, supporting IP R&D customized to each stage of growth of business, and strengthening the foundation for IP R&D proliferation in industry, academia, and research. Furthermore, in 2019 KIPO restructured its patent examination management structure in five of its bureaus.³⁴² To improve patent examination capabilities, it established a new Convergence Technology Examination Bureau dedicated to the examination of technologies related to the Fourth Industrial Revolution, big data, and bio-health.

2. Could the Korean delegation provide more information regarding how the Technology Convergence Review Office is structured? What are the main exam areas, as well as what other types of activities do you carry out?

ANSWER:

The Technology Convergence Examination Bureau, an organization within the Korean Intellectual Property Office that examines patents for convergence technologies, such as big data and bio-health, expanded its consultative examination among examiners of different technologies.

3.272. To create a healthy copyright ecosystem where the establishment of a virtuous cycle of creation-distribution-use would help to realize the Creative Economy, since 2018 Korea's policy goal has been the "Creation of a Copyright Ecosystem Promoting Balance and Coexistence" through four main projects: (i) strengthening the rights and interests of creators and preparing a fair and just rewards system; (ii) preparing a foundation to vitalize a fair copyright distribution system; (iii) strengthening responses to domestic and overseas copyright infringement and raising pan-national awareness; and (iv) strengthening international competitiveness of cultural service copyright.³⁶³ To pre-emptively and proactively respond to the changing environment, set up a stable copyright ecosystem, and support development of relevant industries, Korea created a copyright policy vision in 2020 (Copyright Vision 2030) with the goal of being a "Copyright Powerhouse Where Culture Drives Economy" through four core tasks: (i) create a foundation for copyright conducive to the era of the Fourth Industrial Revolution; (ii) forge an environment for fair and transparent use and distribution; (iii) tighten the response to copyright infringement; and (iv) strengthen infrastructure for protection of works overseas.

3. Could the Korean delegation share with us their national copyright policy, as well as information on the implementation mechanisms for it?

ANSWER:

The Annual Report on Copyright in Korea is available to the public via the website of the Korea Copyright Commission, regarding the national copyright policy and its implementation. The key players of the Copyright policy implementation are the Ministry of Culture, Sport and Tourism(MCST), the Korea Copyright Commission(KCC) and the Korea Copyright Protection Agency(KCOPA). The MCST administers copyright law, develops copyright related policies and strategies, and supervises the KCC and KCOPA. The KCC deliberates copyright-related issues, mediates copyright disputes, and researches policies and legislation on copyrights. It also provides copyright education and public awareness programs, and serves as a copyright registration agency. KCOPA was established to enforce copyright protection policies and carries out projects for copyright protection, including effective law enforcement and performing activities to handle copyright infringement.

Korea continues its bilateral and multilateral cooperation regarding copyright, based on the MOUs between many countries. Also, Korea supports various projects for the development and international cooperation in the fields of copyright by contributing to the trust fund at WIPO.

HONG KONG, CHINA

Fisheries

(WT/TPR/S/414:Page151,paras4.64-4.68;Pages152-153,paras4.72-4.73& Table 4.7)

It is noted that, with a vision to ensure sustainable fisheries, Korea has taken measures to effectively manage fisheries resources and fight against illegal, unreported and unregulated (IUU) fishing. Meanwhile, Korea is operating various subsidy programmes for the fisheries sector, including support for distant-water fishing.

1. Does Korea envisage any major changes to its fisheries policies and fisheries support programmes if and when a WTO fisheries subsidies agreement is reached and implemented?

ANSWER:

Korea implements various measures to manage fisheries resources and deter IUU and OFOC. It is yet difficult to say where the WTO fisheries subsidies negotiation will head, so Korea is continuously following up with the procedures and is ready to react to the negotiation.

Financial Services

(WT/TPR/S/414: Page 169, para 4.165)

During the review period, more foreign financial companies left than entered the Korean market; according to an Economist Intelligence Unit (EIU) report, they could not compete with bigger local rivals and could not find a growth niche in a maturing market. The number of foreign bank branches dropped from 39 in 2015 to 36 in 2020.

2. More foreign financial companies could not compete with bigger Korean local firms and left the market. Has Korea introduced any measures to address the issue and attract more commercial presence of these foreign financial companies?

ANSWER:

As the non-face-to-face and digital businesses in the financial sector has been accelerated due to the 4th industrial revolution, the withdrawal of off-line branches is a global trend especially in the banking industry.

Korea is thoroughly abiding by the principle of the FTA and is thoroughly abiding by its commitments with respect to financial services under the WTO GATS (GATS/SC/48/Suppl.3/Rev.1) and the principles under its FTAs, such as National Treatment and Most Favoured Treatment between local financial institutions and foreign ones.

Nevertheless, Korea is pursuing financial hub policies which encourage foreign financial institutions to invest into or establish commercial presence in Korea by giving them tax incentives and rent reductions incentives within Seoul and the Busan financial hub.

Banking

(WT/TPR/S/414: Page 169, para 4.165; Page 171, para 4.181)

Foreign investment is allowed in financial institutions, except for specialized banks.

The five specialized banks are the Korea Development Bank (KDB), the Export-Import Bank of Korea (EXIM Bank), the Industrial Bank of Korea (IBK), the National Agricultural Cooperative Federation, and the National Federation of Fisheries Cooperatives. The Government fully owns the KDB, and 68.7% of the EXIM Bank. The IBK specializes in providing loans to SMEs. As at 2020, the Government owned 59.2% of IBK's shares, up from 50.6% in 2015.

3. What are the major considerations of forbidding foreign investment in specialized banks? With the growing government ownership of shares in the specialized banks, is there any plan to open up this particular sector to more private sector investment and also foreign investment to ensure competitiveness in the market?

ANSWER:

The Korea Development Bank (the "KDB") operates to supply and manage funds necessary for the development and promotion of industries, expansion of social infrastructure, development of regions, stabilization of financial markets and facilitation of sustainable growth, etc. The Korean government holds one hundred percent (100%) of the shares of the KDB in order to support KDB's operation as a specialized bank. Since IBK is a listed company, there are no restrictions on private investment and foreign investment.

Telecommunications

(WT/TPR/S/414: Page 176, para 4.208)

The Telecommunications Business Act was most recently amended in 2020 (Act No. 17352). It classified telecommunications business into facilities-based and value-added operators. Foreign investment in facilities-based telecom services is subject to a ceiling of 49%, while value-added telecom services are fully open to foreign investment. For facilities-based telecom services, foreign corporations from certain RTA partners and that passed the public interest review are not subject to this equity restriction. The Ministry of Science and ICT (MSIT) may prohibit a foreign shareholder from becoming the largest individual shareholder (5% or more of shares) in Korea Telecom.

4. There is a 49% ceiling set for the foreign investment in facilities-based telecom services, but foreign corporations from certain RTA partners are not subject to this equity restriction. Is there any plan to raise the foreign investment ceiling for non-RTA trading partners? Besides, under what circumstances would the MSIT prohibit a foreign shareholder from becoming the largest individual shareholder in Korea Telecom?

ANSWER:

In principle, Korea has eased investment limits through bilateral and multilateral agreements such as FTAs, and this stance remains unchanged. Restrictions on foreigners related to KT's largest shareholder are stipulated in the Addendum of the Telecommunications Business Act (Act No. 5385, amended on February 9, 2004).

Land Transport

(WT/TPR/S/414: Page 186, para 4.268)

All railway operators must be licensed by MOLIT (Ministry of Land, Infrastructure and Transport), and meet the requirements listed in the Railroad Enterprise Act. Foreign enterprises may supply rail transport services for routes built after 1 July 2005, on the condition that they comply with an economic needs test and the licensing requirements stipulated in the Railroad Enterprise Act.

5. What elements would be taken into account in the economic needs test and the licensing requirements that apply to foreign rail transport services suppliers? Are domestic suppliers subject to the same economic needs test and licensing requirements?

ANSWER:

A person who intends to run a railroad business in Korea must be a corporation (Article 5 of the Railroad Business Act) and must obtain a railroad business license (Article 2 of the Railroad Business Act). The economic needs test means a license review under the Railroad Business Act, and a person who intends to obtain a license for a railroad business must submit an application for a license to the Minister of Land, Infrastructure and Transport.

License requirements such as railroad traffic safety and user convenience (Article 6 of the Railroad Business Act) must be met. In addition, both domestic and foreign companies are subject to license requirements.

Distribution services with a specific focus on e-commerce (WT/TPR/S/414: Page 187, para 4.277)

E-commerce is mainly regulated under the Act on Consumer Protection in Electronic Commerce (Act No. 15141), which was partially amended in November 2017. The authorities state that this Act is currently being fully revised, and the pre-announcement of legislation was made in March 2021.

6. What is the current status of the revision of the Act on Consumer Protection in Electronic Commerce? What are the changes to be made to the Act?

ANSWER:

Since March 2021, amendments to the "E-commerce Act" which contains content similar to the pre-announced bill by the government, have been proposed to the National Assembly and are set to be deliberated. The core of these bills is to change the regulatory system to suit the new e-commerce environment, which has changed with the online platform at its center, not sellers. Prior to the emergence of online platforms such as open markets, online transactions took place directly between sellers and consumers. As a result, the original "E-commerce Act" enacted 20 years ago focused on the obligations and responsibilities of sellers to protect consumers and what sellers should not do. Now, 20 years later, the e-commerce environment has changed tremendously. Online platforms such as open markets have emerged, connecting consumers and sellers, and they are also deeply involved in transactions between the two. Instead of looking for individual online shops as in the

past, consumers turn to open markets such as Coupang and Tmon for their shopping, and sellers are also using platforms provided by open markets instead of opening their own websites. It has been a long time since these platform-oriented transactions have become the norm of e-commerce, but the "E-commerce Act" still puts much emphasis on sellers' obligations and responsibilities without much change. The bills proposed at the National Assembly are intended to improve this problem and impose platforms appropriate obligations and responsibilities for consumer protection.

ICELAND

1. What is the participation of women in the economy of Korea?

ANSWER:

Trend in women's employment in Korea (aged 15 and older, as of 2020)

(Unit: %)

	Women's economic participation rate	Unemployment rate	Employment rate
2020	52.8	4.0	50.7

Source: Economically Active Population Survey by Statistics Korea.

2. Have specific barriers that limit women's participation in trade been identified?

ANSWER:

In South Korea, women's enterprises are regarded as policy targets that should be taken care of by government policy, like disabled's enterprises and local SMEs. Similar to other SMEs in general, the Ministry of SMEs and Startups (MSS) believes that women's enterprises feel the lack of information and experience for overseas market and difficulties in manpower and financing.

3. Has Korea implemented any specific measures to encourage women's participation in trade and promote women's entrepreneurship, or are such measures being developed?

ANSWER:

The Ministry of SMEs and Startups of the Republic of Korea (MSS) operates the Women's Startup Incubation Centre (BI) to promote women's entrepreneurship.

The purpose of this program is to invigorate women's entrepreneurship and strengthen the competitiveness of women's businesses by providing comprehensive support for women such as incubation space for startups, information, and other measures to help women to start and grow their businesses.

The main target of support is preliminary female entrepreneurs and female entrepreneurs within 3 years of starting a business and the applicants are able to stay in the BI for up to 3 years from the date of move-in. Currently, there are 18 metropolitan cities centres nationwide and 238 rooms are being in operation.

4. Are the effects of trade policy on women and men measured and monitored, and if so, how?

ANSWER:

Since 2005, the Korean government has been conducting gender impact analysis on key government policies that are in place or to be established to evaluate their impacts on gender equality and contributions to achieving gender equality.

To legislate or amend trade-related laws, gender impact analysis is carried out to make a comprehensive review and evaluation of the impact that they will have on women and men.

INDONESIA**PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT****SUMMARY**Page 10 Para 6

Since its previous TPR, Korea has maintained its general trade policy thrust, which has remained relatively unchanged though particular emphasis was placed on SMEs and innovation. While no unilateral liberalization has been undertaken, there have been regulatory or institutional developments in certain areas, including trade facilitation, anti-dumping, export control of strategic goods, enterprises in repatriation/re-shoring, standards, sanitary and phytosanitary (SPS) requirements, government procurement, competition policy, and intellectual property rights. COVID19 circumstances led to the implementation of temporary trade-related measures in certain areas. Some measures continue to protect domestic producers, especially farmers, from foreign competition.

Question:

1. Could the Korean government clarify which specific measures aims to protect domestic producers from foreign competition?

[Answer]

In the agriculture sector, several measures are included in RTAs, considering sensitivities for main items, such as exemption from tariff concession, maintaining current tariff levels and trade remedies through consultations with the negotiating parties.

No specific trade-related protection measures are implemented for farmers in response to COVID-19. In order to prevent disruptions in export supply chain due to COVID-19, Korea supports its farmers by adopting e-phytosanitary certificates and expanding online export consulting services.

Question:

2. How will the Korean government ensure that the measures do not cause market distortions?

[Answer]

Korea does not have any export restriction policy on specific items for the adequate domestic supplies.

The export recommendation system for rice was operated until 2014 as part of the measure to implement effective limitation of domestic production according to the WTO Agreement on Agriculture, following the delay of rice tariffication from 1995 to 2014.

3 TRADE POLICIES AND PRACTICES BY MEASURE**3.2.3.2. Restrictions and licensing**Page 78 Para 3.81

Korea may restrict exports of certain products periodically to ensure adequate domestic supplies, again potentially assisting downstream processing of these products. During the review period, no quantitative export restrictions for rice or any other agricultural products were in place, as Article 22 of the Implementing Regulation of the Grain Management Act and a related notification requirement were repealed in March 2015. Until that time, rice was the only product requiring export authorization (termed a "recommendation" by the authorities)."

Question:

3. Please explain on how Korea maintains its "adequate domestic supplies", as well as the implementation of the policy.

[Answer]

After tariffication in 2015, rice became a freely traded item, there is no specific measurement.

Question:

4. Is there any specific measurement to determine the period to export rice based on domestic supply sufficiency? Please explain in detail.

[Answer]

Korea always implements its rice policy in accordance with the WTO regulations, such as completion of rice tariffication and management of TRQ system.

Question:

5. How does the Korean government ensure that its policy is consistent with its WTO commitments?

[Answer]

The new direct payment program aims to enhance the function of agriculture and rural communities in public interests and achieve stable income for small- and medium-sized farms.

Under the new direct payment program, farmers receiving the payment shall respect 17 areas of compliance, including protection of environment and ecosystem, community activities and food safety. Accordingly, farmers can contribute to the protection of rural environment and ecosystem by limiting excessive use of pesticides and chemical fertilizers and by enabling them to dispose agricultural wastes in an appropriate manner. In addition, to support rural landscape conservation, direct payment is given to farmers growing landscape crops and carrying out activities to conserve landscape of the villages.

3.3.1.1.1 Indirect taxation

Page 81 Para 3.91

Question:

6. Indonesia notes that the indirect tax structure in Korea is quite complicated and remains unchanged. Could you please provide the legal basis, and is the Korean government planning to streamline the tax structure?

[Answer]

It should be considered very carefully to streamline the tax structure, and currently Korea does not have any plan.

3.3.1.2.1 Tax incentives

Page 85 Para 3.105

(...) numerous and complex tax incentives continued to be used extensively as an instrument of industrial policy to encourage investment, especially from overseas, and production of certain goods, including by SMEs (Special Tax Treatment Control Law, 1999 (STTCL), which was last amended in 2021). They cover a range of activities, and include income tax relief (rate reductions, exemptions, credits, special deductions, and other concessions), or credits and commodity tax concessions (such as VAT exemptions and zero-rating).

Question:

7. Could Korea provide a more detailed explanation of the Special Tax Treatment Control Law (1999) as amended in 2021?

[Answer]

In March 2021, Korea extended the tax credits provided to businesses that reduced or exempted rents for SMEs affected by COVID-19 until the end of 2021.

Question:

8. Are there additional categories covered by the regulation other than mentioned in the Secretariat Report?

[Answer]

There is no additional categories covered by STTCL.

3.3.6 Government procurement

Page 118 Para 3.214

Korea's government procurement market (goods, services, and construction) grew almost steadily from KRW 116.9 trillion or 6.7% of GDP (2016) to KRW 123.4 trillion (2018) or 6.5% of GDP to an estimated KRW 134.98 trillion (May 2019) or 7% of GDP. (...)

Question:

9. Does Korea have statistics on government procurement market that divided into central and

local governments (based on type of procurement: goods, services, and construction? If so, are they accessible to the public?

[Answer]

The Korean government has retained and managed statistics on the government procurement market that are divided into central and local governments (based on type of procurement: goods, services, and construction works). The public can access the mentioned statistics.

Page 119 Para 3.215

Korea operates international tendering and other procurement procedures in accordance with its commitments under the WTO Plurilateral Agreement on Government Procurement (GPA). (...)

Question:

10. Are there opportunities for foreign suppliers (non-GPA parties) to participate in GP in Korea? Please explain in detail the procedure.

[Answer]

Companies from non-GPA parties can join the international bidding not subject to GPA. The international bidding tackles goods (foreign goods) or services not produced or supplied in Korea. To join the bidding, the companies should register as an overseas company at the Supplier Registration Team of PPS or PPS' regional branch offices. The documents required for the registration involve 'the Application for the Overseas Bidder Registration' and a certificate of business registration (or a corporation register) issued by the government agency or authorities concerned of the country in which the company is registered. And then they should be submitted via mail or through visit. If the applicant company's credit rating is confirmed as "Fair" or above, the company could be successfully registered as an overseas company.

3.3.6.1 Legislation

Page 119 Para 3.216

During the review period, changes were made to the government procurement legislation. The 1995 Act on Contracts to Which the State Is a Party (last amended by Act No. 16578, 26 November 2019) covers international and domestic procurement of goods and services, including construction, by all central government agencies. Amendments that entered into force on 20 March 2018 involved the method of contracting, agreement on dispute resolution methods, state contract disputes conciliation, **competition among tenders eligible for preferential purchase**, and dispute resolution through arbitration or conciliation by the State Contract Disputes Conciliation Committee. Amendments enforced from 27 May 2020 related to, *inter alia*, principles of contracting, preparation of estimated price, **determination of successful tenderer in competitive tendering procedure**, and adjustment of contract amount according to price fluctuation. (...)

Question:

11. Please elaborate more regarding the criteria and determination of successful tenderer in competitive tendering procedure.

[Answer]

The criteria and determination of the successful tenderer in competitive tendering procedure are spelled out in Article 10 of the Act on Contracts to which the State Is a Party and Articles 41 and 42 of the said Act's Enforcement Decree.

Article 10 (Determination of Successful Tenderer in Competitive Tendering Procedure)(1) In a competitive tendering procedure that becomes a source of revenue, a person who tenders the highest price shall be determined as a successful tenderer: Provided, That the foregoing shall not apply where criteria for successful bidders are prescribed by Presidential Decree, taking into consideration purposes of the contract, tendered prices, the quantity, etc.

(2) In a competitive tendering procedure that imposes a burden on the National Treasury, any of the following tenderers shall be determined as a successful tenderer:

1. A person who is recognized as capable of performing a contract and tenders the lowest price;
2. A person whose tender offer is the most favourable to the State according to the evaluation criteria specified in the tender notice or tender guidance;
3. A person whose tender offer most closely conforms to criteria, where such criteria are specially prescribed by Presidential Decree, taking into consideration the nature, size, etc. of the contract.

(3) Notwithstanding paragraph (2), the head or contract officer of each central government agency shall not determine a person who tenders less than 98/100 of the sum of the following expenses as a successful

tenderer, in cases of a competitive tendering procedure for construction works whose estimated price is less than KRW 10 billion: <Newly Inserted by Act No. 16578,, Nov. 26, 2019>

1. Material costs, labor costs, and expenses;
2. Value-add tax on the costs under subparagraph 1.

[This Article Wholly Amended by Act No. 11547, Dec. 18, 2012]

Article 41 (Determination of Successful Tenderer in Competitive Tendering Procedure as Source of Revenue) In a competitive tendering procedure that becomes a source of revenue, a person who tenders the highest price, which shall not be less than the budget price, shall be determined as a successful tenderer.

Article 42 (Determination of Successful Tenderer in Competitive Tendering Procedure Imposing Burden on National Treasury)(1) In a competitive tendering procedure that imposes a burden on the National Treasury, the head or a contracting officer of a competent central government agency shall determine a successful tenderer by examining the capabilities of each tenderer to perform the relevant contract and the outcomes of job creation determined by the Minister of Economy and Finance, etc., starting from a tenderer whose tender price is the lowest and not more than the budget price. <Amended by Presidential Decree No. 16548, Sep. 9, 1999; Presidential Decree No. 17019, Dec. 27, 2000; Presidential Decree No. 18155, Dec. 11, 2003; Presidential Decree No. 19483, May 25, 2006; Presidential Decree No. 29318, Dec. 4, 2018>

(2) Deleted. <by Presidential Decree No. 29318, Dec. 4, 2018>

(3) In a tendering procedure under Article 18, the head or any contracting officer of a central government agency shall determine a person who tenders the lowest price, which shall not be more than the budget price, as the successful tenderer, notwithstanding paragraph (1). <Newly Inserted by Presidential Decree No. 19483, May 25, 2006>

(4) In a tendering procedure for any of the following construction or service projects, the head or a contracting officer of a competent central government agency shall conduct a comprehensive examination on the tender prices of each tenderer, capabilities of performing a construction project (referring to capabilities of performing a service project in cases of a tendering procedure for a service project; in the proviso to Article 40 (2) and hereafter, the same shall apply), social responsibility, etc., and determine a person whose total points are the highest as the successful tenderer, notwithstanding paragraph (1): <Amended by Presidential Decree No. 26829, Dec. 31, 2015; Presidential Decree No. 29318, Dec. 4, 2018; Presidential Decree No. 30078, Sep. 17, 2019>

1. A construction project, the estimated price of which is at least KRW 10 billion;
2. A cultural heritage maintenance pursuant to subparagraph 1 of Article 2 of the Act on Cultural Heritage Maintenance, Etc., prescribed by the Administrator of the Cultural Heritage Administration.
3. Services concerning construction project management pursuant to Article 39 (2) of the Construction Technology Promotion Act, the estimated price of which is at least KRW 2 billion;
4. Services concerning basic plan for construction works pursuant to Article 69 of the Enforcement Decree of the Construction Technology Promotion Act or services concerning basic design pursuant to Article 71 of the same Enforcement Decree, the estimated price of which is at least KRW 1.5 billion;
5. Services concerning working design pursuant to Article 73 of the Enforcement Decree of the Construction Technology Promotion Act, the estimated price of which is at least KRW 2.5 billion.

(5) In order to examine capabilities of performing a contract pursuant to the paragraph (1), detailed criteria for examination shall be established in accordance with the criteria determined by the Minister of Economy and Finance for examination to determine qualification, taking into comprehensive consideration each tenderer's past records of performance, technical capacity, financial position, level of fidelity to performance of past contracts, reasonableness of prices for procuring materials and human resources, plan for management of subcontracts, plan for fulfilling working conditions of outsourced workers, level of compliance with contractual order, level of quality of past construction works, tender price, etc., and the person found qualified as a result of the examination shall be determined as a successful tenderer: Provided, That the head of a central government agency him/herself may determine the criteria for examination in consultation with the Minister of Economy and Finance, where it is deemed necessary in light of the nature of a construction project or goods, etc.. <Amended by Presidential Decree No. 16548, 9 Sep. 1999; Presidential Decree No. 17019, 27 Dec. 2000; Presidential Decree No. 19035, 8 Sep. 2005; Presidential Decree No. 19483, 25 May 2006; Presidential Decree No. 20319, 10 Oct. 2007; Presidential Decree No. 20720, 29 Feb. 2008; Presidential Decree No. 30078, 17 Sep. 2019>

(6) Where the head or a contracting officer of a central government agency intends to conduct the comprehensive examination pursuant to paragraph (4), he/she shall determine detailed criteria for examination in accordance with the standards determined by the Minister of Economy and Finance, taking into comprehensive consideration the results of the performance of contracts, plan for arranging manpower, efforts to fulfill social responsibilities and tender price of each tenderer, etc., and shall make the criteria available so that persons intending to participate in tendering can inspect the criteria before submitting a tender. <Amended by Presidential Decree No. 19483, 25 May 2006; Presidential Decree No. 20720, 29 Feb. 2008; Presidential Decree No. 26829, 31 Dec. 2015; Presidential Decree No. 30078, Sep. 17, 2019>

(7) The head or a contracting officer of a central government agency may establish the committee for the comprehensive examination on tendering system (hereafter in this Article, referred to as the "Committee") to comprehensively examine the tender prices of each tenderer, capabilities of performing a construction project and social responsibility, etc. pursuant to paragraph (4). <Amended by Presidential Decree No. 19483, 25 May 2006; Presidential Decree No. 26829, 31 Dec. 2015; Presidential Decree No. 30078, 17 Sep. 2019>

(8) The Committee in each central government agency shall be comprised of public officials of the central government agency (including public officials of the requesting agency, where the execution of a contract for

a construction project is requested to the Administrator of the Public Procurement Service pursuant to Article 15 of the Enforcement Decree of the Government Procurement Act) and persons that have abundant knowledge and experience in contracting, and detailed matters necessary for the formation and operation of the Committee shall be determined by the head of each central government agency. <Newly Inserted by Presidential Decree No. 19483, 25 May 2006>

Question:

12. Please elaborate more regarding the competition among tenders eligible for preferential purchase?

[Answer]

Under Article 7, Paragraph 3 of the Act on Contracts to Which the State Is a Party, when there is competition among tenders eligible for preferential purchase prescribed in other Acts, the successful tenderer shall be chosen in consideration of the purpose and scale of the contract, consideration for the socially disadvantaged, etc. This is to ensure that preferential purchase system is sensibly operated.

Here, "other Acts" refers to the Special Act on the Preferential Purchase of Products Manufactured by Persons with Severe Disabilities; the Act on Welfare of Persons with Disabilities; the Act on the Promotion of Purchase of Green Products; and the Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets, among others.

Page 120 Para 3.218

(...) The 2005 Act on Encouragement of Purchase of Green Products (known as the Law on the Promotion of Environmentally Friendly Products) requires government agencies and SOEs to purchase environmentally friendly products; as of 2021, it applied to 52 central government agencies (50 in 2015), 245 local government bodies (438 in 2015), 36 public enterprises, 77 local public enterprises, 95 quasi-governmental organizations (Section 3.3.5.2), 93 education authorities, 15 local research institutes, and 209 other public institutions (in total 922 agencies in 2021 and 893 in 2015). (...)

Question:

13. Does Korea apply specific environmental standards for procurement of goods? If so, please explain standard and/or criteria of such standards.

[Answer]

PPS encourages public entities to purchase green products by designating products which have eco-friendly properties and thereby meet the least green standards. It announces the standards on energy efficiency, performance, recycling, etc. based on green technologies by product type. The mentioned standards are set in consideration of technological levels of the relevant market, clarification, usability, etc.

3.3.6.2 Procurement methods

Page 121 Para 3.222

(...) Korea has been increasingly focused on centralized procurement (see below). A substantive part of procurement for the Central Government, local governments, and public enterprises is conducted by the central procurement agency, the PPS. Central government agencies must use the PPS to procure goods and services at KRW 100 million or above; **the threshold for foreign goods and services remains at over USD 200,000.** (...)

Question:

14. Could you please explain whether the threshold (over USD 200,000) which mentioned above is the opportunity for foreign companies to participate in government procurement market in Korea? If yes, is this opportunity also include foreign companies from non-GPA parties and non-FTA bilateral/regional parties with no market access commitment?

[Answer]

Korean governmental organizations must purchase foreign goods or services through PPS if their amount exceeds USD 200,000. The bidding for overseas goods and services conducted by PPS is not subject to GPA. And so the non-GPA and non-FTA companies can also join.

Question:

15. What is the procedure for foreign suppliers to participate?

[Answer]

To join the international bidding, applicant companies should register as an overseas company at the Supplier Registration Team of PPS or PPS' regional branch offices. The documents required for the registration involve 'the Application for the Overseas Bidder Registration' and a certificate of business registration (or a corporation register) issued by the government agency or authorities concerned of the country in which the company is registered. And then they should be submitted via mail or through visit. If the applicant company's credit rating is confirmed as "Fair" or above, the company could be successfully registered as an overseas company.

Question:

16. Where is the information of international tender opportunities conducted by central and local governments publicly published?

[Answer]

The tender notice for international bidding can be found at the KONEPS website (<http://www.g2b.go.kr>).

Page 122 Para 3.223

All bidders wishing to participate in PPS-conducted tenders must register with the PPS. (...)

Question:

17. What are the requirements to register with the PPS, including foreign suppliers? Is the registration subject to fee?

[Answer]

Depending on goods, services and public works, the registration requires an application form, permission, authorization or license in accordance with relevant legislation. In case of qualifications required, the applicant company should have relevant permission, authorization or license, or make report, or be qualified for the bidding, all valid for the year in question. (The applicant foreign companies should have facilities or offices necessary for the goods for the bidding owned or leased and also have relevant permission, authorization or license or be qualified for the bidding, all valid for the year concerned. Plus, the registration doesn't require fees.

Page 123 Para 3.226

(...) In 2020, 79.8% (73.9% in 2016) of total PPS procurement contracts for goods, services, and construction works were awarded to SMEs. (...)

Question:

18. What is considered as small enterprise and medium enterprise?

[Answer]

According to the Framework Act on Small and Medium Enterprises, small and medium-sized enterprises (SMEs) must meet both the size and independence standards.

As for the size criteria, the total assets must be less than KRW 500 billion and the average sales over 3 years must meet the criteria for each major industry. Previously, the size criteria must meet the number of employees and capital amount by industry, but since 2015, a single criteria of the average sales over 3 years has been applied.

- * For example, reflecting the characteristics of the detailed manufacturing industry,
- 6 Manufacturing business types including electrical equipment manufacturing: KRW 150 billion or less (USD 125 million)
- 12 Manufacturing business types including food manufacturing : KRW 100 billion or less (USD 84 million)
- 6 Manufacturing business types including manufacturing of medical, precision, optics and clocks and wholesale and retail businesses : KRW 80 billion or less (USD 42 million).

For independence criteria, the total assets of the affiliated must be less than KRW 500 billion, the company must not belong to a corporate group subject to disclosure, and the average sales amount of the affiliate's (as much as the investment ratio) must meet the size standards for each industry.

In accordance with Article 3 of the ENFORCEMENT DECREE OF THE FRAMEWORK ACT ON SMALL AND MEDIUM ENTERPRISES, the companies whose annual revenues are less than KRW 40billion ~ KRW 150 billion by business line and whose total amount of assets is less than KRW 500 billion are considered to be SMEs

Page 123 Para 3.228

The PPS handled 33.5% (30% in 2016) of Korea's total domestic and foreign government procurement of goods and services (excluding defense equipment) and construction contracting in 2019. (...)

Question:

19. Does Korea have statistics on foreign government procurement market (excluding as committed in GPA)?

[Answer]

PPS does not have statistics on the foreign government procurement market other than Korea's own.

4 TRADE POLICIES BY SECTOR

4.5 Services

4.5.3 Financial Services

Page 169 Para 4.165

Foreign investment is allowed in financial institutions, except for specialized banks. During the review period, more foreign financial companies left than entered the Korean market; according to an Economist Intelligence Unit (EIU) report, they could not compete with bigger local rivals and could not find a growth niche in a maturing market.⁷¹ The number of foreign bank branches dropped from 39 in 2015 to 36 in 2020. In 2021, foreign financial institutions accounted for about 10.6% of financial sector assets (11% in 2015). The two foreign bank subsidiaries and 36 branches from 16 countries make up about 11.6% of the banking sector (14% in 2015). In the insurance sector, 12 foreign insurance companies' subsidiaries from 5 countries make up 9.8% of the domestic insurance sector. In the securities sector, 23 foreign companies from 11 countries make up about 5.7% of the securities sector's assets. Foreign or local non-bank financial companies' ownership in any commercial bank is restricted to 4% (15% for regional banks). This limit may be increased to 10% for special cases, if approved by the FSC.⁷¹ EIU (2021), Industry Report – Financial Services: South Korea. Viewed at: http://country.eiu.com/filehandler.ashx?issue_id=730761656&mode=pdf.

Question:

20. It is reported that the number of foreign banks has dropped and more foreign players left rather than came to the market because they could not compete with the local big banks. Could Republic of Korea (ROK) share the analysis pertaining the reason why foreign banks could not compete with the local big banks in ROK? Has the banking industry in ROK been saturated? Are there specific programmes given to local banks? Please describe the purposes and scope.

[Answer]

Due to the low interest rate, economic contraction caused by Covid19 pandemic and development of non-face-to-face business in the financial sector, the withdrawal of off-line branches is a global trend. Korea is pursuing policies regarding stabilizing financial markets and establishing an advanced financial order abiding by the principle of FTA, such as National Treatment and Most Favoured Treatment between local financial institutions and foreign ones.

There are no specific programmes only for local banks.

4.5.3.1 Banking

4.5.3.1.1 Structure and ownership

Page 171 Para 4.178

Two Internet banks, Kakao Bank and K Bank, which do not have any physical branches, launched their operations in 2017. A third – Toss Bank, controlled by the operator of the Toss Mobile P2P payment platform – was granted a license in December 2019. Internet banks are regulated under the Special Act on Establishment and Operation of Internet-Only Banks, which came into force in January 2019. This Act allows ICT firms to own up to 34% of an Internet bank.

Question:

21. Could ROK kindly explain whether the internet-only bank automatically included in the scope

of Korean Commitment in GATS?

[Answer]

An internet only bank provides some banking services listed in the commitment. Therefore, the banking business sector in the commitment is applied to an internet only bank provided that domestic regulations regarding minimum capital, limits on stockholding and scope of business is applied to an internet only bank.

Question:

22. Is it possible if the internet-only bank is established by a branch of foreign bank? If so, please explain.

[Answer]

An internet should meet requirements for capital and stockholders. Therefore, it should be a stock company.

4.5.3.1.2 Prudential requirements, profitability, and non-performing loans

Page 171-172 Para 4.182

Korea continues to apply Basel III capital-adequacy regulations for banks. Banks are required to meet capital-adequacy ratios (CARs) for each tier of capital: at least 4.5% of risk-weighted assets as common-equity capital and 6% as Tier 1 capital. They also must hold a capital conservation buffer, initially set at 0.625% but which rose to 2.5% in 2019. Internet banks have a three-year grace period to meet these CARs. Korean banks remain well capitalized: in 2020, their CAR was 16.5% and their Tier 1 capital ratio was 12.7%, both well above the Basel III requirements (Table 4.13).

Question:

23. Could ROK elaborate more on the CAR position of foreign banks in Korea? Is it below or above the average CAR of Industry?

[Answer]

Basel 1(8% capital adequacy ratios) applied to branches of foreign bank in Korea. The average CAR of branches of foreign bank is 25.7% which is well above the average of Koreanbanks(16.5%) as of the end of 2020.

Question:

24. Could ROK kindly explain the capital requirement for foreign banks and whether there is any limitation or negative list for foreign banks to place their asset to be deemed as capital? Please explain in detail the differences between foreign and domestic banks.

[Answer]

The operating funds(capital) of a branch of foreign bank should be no less than KRW 3 billion. Any of the following funds recognized by the Financial Services Commission as operating funds of a branch of a foreign bank shall be deemed its capital stock:

- Funds in Korean currency, which the head of office of a foreign bank has supplied to its branch office by selling funds in a foreign currency to any of the following financial institutions, for the purposes of the establishment of the branch office and business activities:

- (a) The Bank of Korea established under the Bank of Korea Act;
- (b) The Korea Development Bank established under the Korea Development Bank Act;
- (c) The Export-Import Bank of Korea established under the Export-Import Bank of Korea Act;
- (d) The Industrial Bank of Korea established under the Industrial Bank of Korea Act;
- (e) The Nonghyup Bank established under the Agricultural Cooperatives Act;
- (f) The Suhyup Bank established under the Fisheries Cooperatives Act;
- (g) A bank authorized under Article 8 of the Act;

- Funds transferred from the reserves by a branch of a foreign bank provided in Article 40 of the Act;
- Funds transferred from earned surplus carried forward by a branch of a foreign bank prior-established in the Republic of Korea to establish an additional branch of the foreign bank;

- Funds in Korean currency raised by selling funds in foreign currency by a branch of a foreign bank to the Bank of Korea;
- Funds operated in the Republic of Korea, among those borrowed from the head office or overseas branch of a foreign bank with a maturity of more than one year

4.5.3.1 Banking

4.5.3.1.3 Non-Banking

Page 173 Para 4.187-4.190

Question:

25. Could ROK kindly clarify on why does the Secretariat Report put non-banking section under the subsection of banking? Is it due to banks could perform non-banking activities?

[Answer]

We see that the Secretariat report considers that MSBs and Credit Unions among Non-bank financial institutions are receiving deposits.

Question:

26. Regarding the asset management under paragraph 4.189, could ROK please confirm whether banks are allowed to conduct asset management activity, including hedging? Is there any capital requirement for banks to do such an activity? If any, could you please explain how it relates to the WTO principle of national treatment?

[Answer]

Banks are not allowed to conduct asset management activities in funds markets.

Page 6 Para 3.7

In the agricultural sector, Korea newly adopted the "New Direct Payment Program" in May 2020, revising the existing direct payment system including the "Rice Income Compensation Scheme." Direct payments under the Rice Income Compensation Scheme were originally granted based on the difference between the target price and the annual harvest-period price. However, the new programme separates qualifications for direct payment from the production or prices of agricultural products, removing possible distortion in the market and trade. (...)

Question:

27. Could the Korean government describe in detail the aim of the "New Direct Payment Program" and its further benefit for the environment and rural landscape so far?

[Answer]

The new direct payment program aims to enhance the function of agriculture and rural communities in public interests and achieve stable income for small- and medium-sized farms.

Under the new direct payment program, farmers receiving the payment shall respect 17 areas of compliance, including protection of environment and ecosystem, community activities and food safety. Accordingly, farmers can contribute to the protection of rural environment and ecosystem by limiting excessive use of pesticides and chemical fertilizers and by enabling them to dispose agricultural wastes in an appropriate manner. In addition, to support rural landscape conservation, direct payment is given to farmers growing landscape crops and carrying out activities to conserve landscape of the villages.

PART III : GENERAL QUESTIONS

Question:

28. Please provide detailed information on Korea's import policy for palm oil and its derivatives, as well as the consumer preferences.

[Answer]

Palm oil and its derivatives are freely imported in private sector.

According to the import statistics by the Korea Customs Service, palm oil from Indonesia has had the largest market share. Imported palm oil is used as the food processing ingredient for confectionary and noodles, or as bio-diesel.

Question:

29. In relation to the Act on the Prevention of Livestock Epidemics, could the Government of Korea provide more information on the implementation of the regulation, including the requirements for importing related products? What is the procedure for importers who already have international certification in their production process?

[Answer]

The import permit of animal and livestock products is reviewed and determined upon request by an exporting country, in accordance with the domestic law (Act on the Prevention of Contagious Animal Diseases).

- * Import Permit Procedure (8 steps): ① Review on the possibility of market access, ② Submission of Animal Health Questionnaire, ③ Review of the answers to the questionnaire, ④ On-site inspection, ⑤ Decision on market access, ⑥ Consultation on Import Health Requirements, ⑦ Enactment and notification of IHR, ⑧ Consultation on template import health certificate.

Even if the exporter has the international certification, the import will be approved when all necessary procedure has been gone through.

ISRAEL**2 TRADE AND INVESTMENT REGIMES****2.6 Foreign Direct Investment****2.6.2 FDI restrictions**

Table 2.1 FDI restricted sectors, 2021

Among the existing FDI restrictions, Israel would like to note that Korea is applying discriminatory restrictions on foreign ownership in parts of the telecommunication sector (Wire communications/wireless and satellite communications, Other electronic communications). In these sectors, Korea does not allow more than 49% of foreign equity for the vast majority of WTO Members. However, for a small number of WTO Members Korea is not applying any restrictions on foreign equity.

1. Does Korea plan to allow foreign equity in telecommunication sector without discriminating between WTO Members?

ANSWER 1:

Korea does not have any plans on lifting the restrictions to all WTO members, since in most cases FTAs are regarded as exceptions for non-discriminatory or MFN treatment obligations. Through bilateral and multilateral agreements with a small number of WTO member states, the restriction on foreign equity is eased "only for the acquisition of shares in the form of indirect investment" on the condition of "passing an examination of public benefits," and the same method will be applied to the rest of the WTO member states.

3 TRADE POLICIES AND PRACTICES BY MEASURE**3.1 Measures Directly Affecting Imports****3.1.3 Tariffs****3.1.3.1 Applied MFN rate**

3.32. "The tariff structure has changed little since the last Review. The 2021 simple average (unweighted) MFN decreased slightly to 13.9% (14.1% in 2016) (Table 3.1 and Chart 3.1), mainly as a result of the implementation of commitments relating to the expansion of the Information Technology Agreement. Tariff protection varies substantially across and within sectors, averaging 60.4% for agricultural products (60.0% in 2016) and 6.3% for industrial goods (6.6% in 2016) in 2021 (WTO definitions).³⁷ Average tariffs are higher for vegetable products (HS Section 2), at 107.9% (Chart 3.1). Manufacturing tariffs are higher for footwear and headgear (HS Section 12) at 10.1%, and for textiles and articles (HS Section 11) at 9.7%. By according varied and substantial levels of protection to selected industries, especially agriculture, tariffs distort competition by favouring some activities. Reducing high tariffs (mainly out-of-quota agricultural duties) would improve Korea's resource allocation and national welfare, a view not shared by the authorities. According to the authorities, agricultural tariffs, including out-of-quota duties, are maintained in line with corresponding international and domestic laws, taking market conditions into account. "

2. Israel would like to ask if Korea has any planned tariff reduction initiatives for the near future. If so, which sectors or products are planned to be included in such initiatives?

ANSWER:

Korea has currently no planned tariff reduction initiatives. We have implemented the tariff concession precisely without delay according to WTO agreements such as the ITA Expansion. But a number of FTA and multilateral trade agreements in which Korea participated have the effect of lowering tariff rates.

"3 TRADE POLICIES AND PRACTICES BY MEASURE**3.1 Measures Directly Affecting Imports****3.1.5 Import prohibitions, restrictions, and licensing****3.1.5.3 Licensing**

3.61. "During the review period, the legislative framework in this area was expanded and revised. Import approval or authorization continues to be governed by the Foreign Trade Act and 64 other laws (56 in 2016).⁷² The Ministry of Trade, Industry and Energy (MOTIE) regularly updates the Export Import Notice that lists items under import restriction; as of April 2021, the only item on the list remained aircraft parts. MOTIE also updates the Consolidated Public Notice containing all export and import certification requirements. Import licensing procedures are maintained to: (i) protect public morals; (ii) protect human, animal, and plant life and health, hygiene, and sanitation;

(iii) protect aquatic animal and aquatic plant health; (iv) safeguard the environment; (v) protect national security; and (vi) comply with international commitments.⁷³ In 2016, these requirements covered some 3,000 six-digit HS tariff items, including petroleum, LPG (liquefied petroleum gas), agricultural fertilizers, crop seeds, animals and animal products, nuclear materials, narcotics, foods and food additives, foreign publications, firearms, and explosives; no recent data were available from the authorities."

3. a. It would be appreciated if Korea could provide a complete list of the products which require an import license in order to be imported to Korea or provide a link to any publication of the abovementioned list on an official website.

b. please elaborate on any recent changes to the list of products which require an import license.

ANSWER:

- a. The Consolidated Public Notice, containing all export and import certification requirements stipulated in the 64 separate laws, is updated by the Ministry of Trade, Industry and Energy. With regard to the list of the products, please refer to paragraphs 2.29 and 3.61 in the Secretariat Report.
- b. Please refer to two Replies to the Questionnaire on Import Licensing Procedures (for 2019 and 2020) to the WTO Committee on Import Licensing, which are mentioned in paragraph 3.64 in the Secretariat Report.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.3 Measures Affecting Production and Trade

3.3.2 Standards and other technical requirements

3.3.2.1 Standards, testing, and certification

3.134. "Standard development remains government-led and a significant element of Korea's industrial policy. Under the inter-ministerial fourth National Standards Plan (2016-20), key policy goals included the development of standards for new growth engine activities for improving people's daily life and the eradication of redundant certification systems. The Plan aimed to advance the national standards system, strengthen the standard technology infrastructure, promote active participation in international standardization activities, and assist the private sector in increasing its capacity to develop standards. A fifth National Standards Plan will be established in the second quarter of 2021. During the review period, KATS implemented standardization strategies required for competitiveness in emerging industries and adaption to technological changes of the Fourth Industrial Revolution; efforts for KS to be reflected in the fields of the Fourth Industrial Revolution, such as a smart factory, a smart city, the Internet of Things (IoT), and big data, were undertaken.

4. Please elaborate regarding the fifth National Standards Plan which was supposed to be established in the second quarter of 2021, i.e. was the plan published? What are the main elements of the plan?

ANSWER:

Korea has established the Fifth National Standards Plan (2021-2025) with a view to achieving a digital transformation and developing carbon-neutral standards. The Plan was announced on 14 June 2021.

The Plan's key points are to develop standards for three major new-growth industries (i.e. Future Cars, System Semiconductors and Bio health businesses) as well as standards for digital technologies such as Artificial Intelligence, Data and 6G technology. Standards will also be developed for new & renewable energies such as hydrogen, solar power and biofuel in order to promote the early commercialization of carbon-neutral technologies.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.3 Measures Affecting Production and Trade

3.3.2 Standards and other technical requirements

3.3.2.4 Conformity assessment

3.153. "Korea maintains an APEC-TEL MRA Phase I with Canada (1997), the United States (2005), Viet Nam (2006), and Chile (2007) on recognition of test results for telecommunications equipment and Phase II with Canada (2017) on recognition of certification results for telecommunications equipment; RTAs with the European Union (2011) and the United Kingdom (2021) with provisions on recognition of conformity assessment for electronics equipment; and an MRA with Singapore (2006) on electrical and electronic appliances under the Korea-Singapore RTA. Under the Industrial

Technology Innovation Promotion Act, the New Excellent Product (NEP) certification system continues to cover products manufactured with new technologies developed first in Korea or improved with innovative technologies.¹⁹³ The certificate is valid for three years. NEP-certified products receive government support to expand sales channels and accelerate technology development. NEP-certified products receive an additional qualification point in procurement by government and public organizations. According to the authorities, the NEP system does not affect international trade."

5. Israel would like to understand more regarding Korea's decision-making process for signing MRAs: What are the criteria? What is the internal process in Korea? How are the sectors and partners for MRAs prioritized?

ANSWER:

Some of the MRA-related criteria include the standards stipulated in the Radio Wave Act, technical standards under the Enforcement Decree of the Radio Wave Act (EMC, wireless, SAR, wire, EMF), and others stipulated in public notices (notification of conformity evaluations such as the Notice on Conformity Assessment of Broadcasting and Communications Equipment and Notice on Designation and Management of Testing Laboratories for Broadcasting and Communications Equipment). The domestic process of signing MRAs include exchanging information, drafting, fine-tuning and signing of the agreement, issuing a public notification of the agreement, the two countries approving each other's designated agency for the conformity assessment, and the MRA coming into effect. In addition, the sectors and partners for MRAs are prioritized by the deliberations by the Ministry of Science and ICT and the National Radio Research Institute.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.3 Measures Affecting Production and Trade

3.3.6 Government procurement

3.3.6.1 Legislation

3.218. "Procurement from SMEs remains covered by the main procurement legislation and the Act on Facilitation of Purchase of Small and Medium Enterprise-manufactured Products and Support for Development of Their Markets; its company classification criteria seemingly raises concern.²⁹⁴ The 2005 Act on Encouragement of Purchase of Green Products (known as the Law on the Promotion of Environmentally Friendly Products) requires government agencies and SOEs to purchase environmentally friendly products; as of 2021, it applied to 52 central government agencies (50 in 2015), 245 local government bodies (438 in 2015), 36 public enterprises, 77 local public enterprises, 95 quasi-governmental organizations (Section 3.3.5.2), 93 education authorities, 15 local research institutes, and 209 other public institutions (in total 922 agencies in 2021 and 893 in 2015).²⁹⁵ Although the Law makes mandatory the purchase of environmentally friendly products, it provides exceptions for quality and availability reasons, as well as emergency procurement needs."

6. a. Israel would like to ask Korea to specify the criteria for a company to be considered an SME under the AFPS Law, i.e. is the determination done on the basis of yearly revenue only? What is the threshold? What other factors are being considered?
- b. What are the considerations for adding or removing products from the list of 'competing sectors' under the AFPS Law? Are there any sectors that are excluded from the scope of the Law and cannot be included in the list of 'competing sectors'?

It would be appreciated if Korea could provide past statistics regarding the number of tenders and amount of procurement which was set aside and restricted for participation of SMEs only as a result of the AFPS Law. In addition, it would be appreciated if Korea could provide information on SMEs which eventually won these tenders, i.e. were these Korean or foreign enterprises (including an indication of GPA/non-GPA country for foreign enterprises if possible), average yearly revenue of the enterprises which won the tenders and the sector under which the products were listed.

ANSWER:

According to the Framework Act on Small and Medium Enterprises, small and medium-sized enterprises (SMEs) must meet both the size and independence standards.

As for the size criteria, the total assets must be less than 500 billion won and the average sales over 3 years must meet the criteria for each major industry. Previously, the size criteria must meet the number of employees and capital amount by industry, but since 2015, a single criteria of the average sales of over 3 years has been applied.

* For example, reflecting the characteristics of the detailed manufacturing industry, 6 Manufacturing business types including electrical equipment manufacturing: KRW 150 billion or less (USD 125 million), 12 Manufacturing business types including food manufacturing: KRW 100 billion won or less (USD 84 million), 6 Manufacturing business types including manufacturing of medical, precision, optics and clocks and wholesale and retail businesses: KRW 80 billion won or less (USD 42 million). For independence criteria, the total asset of the affiliated must be less than 500 billion won, the company must not belong to a corporate group subject to disclosure, and the average sales amount of the affiliate (as much as the investment ratio) must meet the size standards for each industry.

Competitive products among SMEs are designated after consultation with the relevant ministries and deliberation by the operation committee of the competition system among SMEs with the recommendation of the chairman of the Korea Federation of Small and Medium Business (K-BIZ) among products that are recognized as necessary to expand the sales channels of SMEs among products that are directly produced by Korean SMEs in Korea or in demand of public organization.

When the minister of a relevant ministry requests the exclusion of the designation of the product, it may be decided in consideration of the possibility of competitive bidding among SMEs and the necessity of fostering SMEs related to the product, regarding whether or not to exclude it.

Last but not least, please note that MSS is only involved in the deliberations on the designation of competitive products, which are valid for 3 years, and does not have any information on the number of nomination or limited competitive bids for SMEs, the amount of procurement, and the sales of the winning company.

ISRAEL – REVISED ANSWER

2 TRADE AND INVESTMENT REGIMES

2.6 Foreign Direct Investment

2.6.2 FDI restrictions

Table 2.1 FDI restricted sectors, 2021

Among the existing FDI restrictions, Israel would like to note that Korea is applying discriminatory restrictions on foreign ownership in parts of the telecommunication sector (Wire communications/wireless and satellite communications, Other electronic communications). In these sectors, Korea does not allow more than 49% of foreign equity for the vast majority of WTO Members. However, for a small number of WTO Members Korea is not applying any restrictions on foreign equity.

Question 1. Does Korea plan to allow foreign equity in telecommunication sector without discriminating between WTO Members?

ANSWER

Korea currently allows the US, Australia, EU, Canada to own up to 100% of shares in telecommunication sector, according to the FTAs signed with these parties.

As FTAs, in most cases, are regarded as exceptions for non-discriminatory or MFN obligations, Korea is not planning to lift the restriction to all WTO members for now.

However, Korea expects enlarging the scope of allowance to more WTO members, as more cooperation/IAs become to be advanced between members.

JAPAN**Report by the Secretariat (WT/TPR/S/414)****3 Trade Policies and Practices by Measure****3.1 Measures Directly Affecting Imports****3.1.1 Custom procedures, valuation, and requirements****(Question 1: Paragraph 3.6, page 54)**

We recognize that timber legality is confirmed following "the revised Act on the Sustainable Use of Timbers" and related regulation, which have influence on import declaration in Para 3.6. Please provide the following information.

How is the timber legality of domestic timber checked and confirmed under the Act and related regulation?

How many country specific guidelines of trading partners are prepared at present. Do you plan to make these guidelines public in the future?

Whether any penalty in case of violation is stipulated in the Act and the related regulations? If so, could you explain the detailed the content of penalty?

We recognize the measures under the Act and related regulation put in force in October 2018. Is the revision of the related regulation under the Act scheduled in the future, for example the review in the five years after the Act took into effect?

ANSWER:

Anyone who intends to operate a timber production business shall file a registration according to the Act on the Sustainable Use of Timbers of cutting, sawmilling, or distributing standing timber or bamboo defined in the Creation and Management of Forest Resources Act (including sawmilling and distribution of raw timber and imported products).

66 country specific guidelines have been prepared so far and provided to domestic importers as reference materials for their import declaration.

The Minister of the Korea Forest Service may issue an order to suspend the sale of any timber or timber product, which has not been proven to be legally felled as a result of an inspection under the Act, or an order to return or destroy such timber or timber product. Persons fail to comply this order or operate a timber production business without being registered shall be punished by imprisonment for not more than 3 years or by a fine not exceeding 30 million won.

We are having an internal discussion for the revision of the related regulation, and the schedule information is not available at this moment.

We recognize that timber importers should submit the import declaration including the information of timber legality, following "the revised Act on the Sustainable Use of Timbers" and related regulation. Please provide the following information regarding custom clearance through UNI-PASS in Para 3.6.

Average number of days which is necessary for custom clearance through UNI-PASS

Whether custom clearance through UNI-PASS is conducted by checking on document basis only.

If there is any insufficiency in examination through UNIPASS, how do you examine additionally to verify timber legality? If possible, please raise examples of additional examinations.

ANSWER:

The inspection before customs clearance is conducted focusing on the documents at present.

The Wood identification and species sampling with microscope is followed after customs clearance, and we are on the process of developing analysis technologies to strengthen the system.

3.1.6.1 Anti-dumping and countervailing measures**(Question 2: Paragraph 3.69, page 74)**

The report by the Secretariat refers to the panel report of Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars (DS553) published on 30 November 2020, which found the likelihood-of-injury determination in the third sunset review against Japanese stainless steel bars is inconsistent with the Anti-Dumping Agreement.

In this regard, Japan would like to ask whether Korea has any plan to withdraw its appeal of the panel report, comply with the panel's recommendation to bring the measure consistent with the

Anti-Dumping Agreement, and abolish the imposition of the anti-dumping duties determined by the fourth sunset review. If not, Japan would like to ask Korea to indicate the reasons why Korea still maintains the appeal and/or the imposition of anti-dumping duties despite the panel's objective and sound findings of inconsistency with the Anti-Dumping Agreement.

ANSWER:

On 22 January 2021, Korea has exercised its right under Article 16 of the Understanding on Rules and Procedures Governing the Settlement of Disputes to appeal the report of the panel in *Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars* (DS553). Korea's decision to appeal the panel report was due to the deeply flawed nature of the panel's findings in *Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars* (DS553). As articulated in detail in its Notice of Appeal (WT/DS553/6), Korea believes that some of the errors committed by the panel in *Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars* (DS553) are so serious as to threaten not only the interest of Korea, but also the predictability and stability of the WTO's dispute settlement regime. Given the systemic interest at stake, Korea finds it important to rectify the errors of the panel report in *Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars* (DS553) through the appeal.

That being so, Korea recalls that the panel in *Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars* (DS553) has properly rejected Japan's key claim in that dispute, that the Korean authorities erred in their likelihood-of-injury determination by failing to properly account for the product distinction between the Japanese and Korean stainless steel bars. As such, Korea considers that the anti-dumping duties in question can be maintained (without having to withdraw) simply by addressing such minor technical issues identified by the panel even if the panel report is to be adopted without appeal. As previously conveyed, Korea invites Japan to review the final determination of the Korean authorities in the fourth sunset review against Japanese stainless steel bars, in which all of the technical issues raised by the panel in *Korea – Sunset Review of Anti-Dumping Duties on Stainless Steel Bars* (DS553) are properly addressed.

3.3 Measures Affecting Production and Trade

3.3.3.2 Quarantine regulations

(Question 3: Paragraph 3.177, page 105)

The "temporary measures" taken on Japanese foods pointed out in the Secretariat report should be consistent with WTO agreements, including the SPS Agreement, ensuring understanding and transparency of the measures for exporting Members. In this regard, Japan would like to request an explanation from the Korean government on the consistency of the measures with WTO Agreements, what conditions it requires to be satisfied to lift those measures, and whether necessary reviews are conducted as to if such conditions are satisfied.

ANSWER:

As confirmed in *Korea – Radionuclide* (DS495), the relevant "appropriate level of protection" (ALOP) adopted and applied by Korea is to "maintain radioactivity levels in food consumed by Korean consumers at levels that exist in the ordinary environment – in the absence of radiation from a major nuclear accident (such as Fukushima Daiichi Nuclear Power Plant (FDNPP) accident) – and thus maintain levels of radioactive contamination in food that are 'as low as reasonably achievable' (ALARA), below the 1 mSv/year radiation dose limit". Stated differently, Korea's ALOP consists three integrated elements, with "absence of radiation from a major nuclear accident such as FDNPP accident" (i.e., zero additional radioactivity level) being the ultimate goal pursued in accordance with the principle of ALARA. If despite all reasonable measures that are in place (including but not limited to the measures in question) the radiation dose exceeds 1 mSv/year limit, Korea's ALOP is pursued without being confined by the ALARA principle.

MALAYSIA**GOVERNMENT REPORT****Page 5****Digital New Deal**

3.4. The COVID-19 pandemic has sparked a sharp increase in demands for online and contactless services, accelerating the transition to a digital economy. In line with this trend, the Korean Government introduced a "Digital New Deal" to promote digital innovation across the economy and to build infrastructure for online and digital industries. The Korean Government aims to create a strong ecosystem for the data, network, and AI industries, collectively referred to as the "D.N.A. industries," by supporting the use of and convergence among data, 5G, and AI technologies across all industries. It is also going great lengths to build infrastructure for smart medical services using 5G and IoT, all in an effort to promote online services in the areas closely related to people's lives, and to invite small business owners to take full advantage of smart technologies.

Question:

1. Appreciate if the Republic of Korea could explain the framework of the "Digital New Deal" to promote digital innovation across the economy and to build infrastructure for online and digital industries, and how it was implemented.

ANSWER:

Digital New Deal consists of four areas (strengthening the DNA ecosystem, digitalizing educational infrastructure, nurturing the contactless industry, and digitalizing social overhead capital). The Korean government has been investing in infrastructure that accelerates the use of and convergence among data, 5G, and AI technologies across all industries by collecting various data including data for AI training, and building 5G and networks. At the same time, it is pursuing digitalization of educational infrastructure and SOC, and nurturing of contactless industry. Korea expects that such government investment serves as a catalyst to invite private sector's active participation in these efforts.

2. What are the challenges identified and how did Republic of Korea overcome the challenges?

ANSWER:

The Korean government has drawn up the Korean New Deal to preemptively respond to economic and social structural transformation and economic crisis triggered by COVID-19. "The Korean New Deal" consists of three pillars: "Digital New Deal" to respond to a growing demand for contactless services and the accelerating transition towards a digital economy; "Green New Deal" to respond to an increasing demand for a low-carbon, green economy, and a swift transition into a green economy; and lastly "strengthened safety net" to respond to diversified forms of employment and the aggravated wealth disparities. The Korean government is pushing forward the Korean New Deal by placing a focus on these three pillars.

3. Report on the "D.N.A. industry" initiatives includes Korea's plan to develop a "data dam" project which aims to establish infrastructure for collecting and trading big data for use in finance, environment and transportation services. If Korea can share the more specifics on this initiative.

ANSWER:

"The Data Dam", as the key task under the "Digital New Deal initiative", is the project that promotes Artificial Intelligence(AI) and data economy by strengthening the foundation for data collection, processing, and utilization. This project consists of several core projects below such as 1) building data sets for training Artificial Intelligence(AI), 2) establishing big data platforms and centres, 3) Artificial Intelligence(AI) Convergence project and 4) Cloud flagship project etc.

Project name	Contents of the projects
Building data sets for training artificial intelligence	Based on the demand of public and private sectors, building the large-scale data sets for training AI, which is central to AI development and make them accessible.
Establishing big data platforms and centres	Establishing big data platforms and centres by each sector, in which high-quality data can be produced, analyzed, utilized, and traded.
Artificial Intelligence convergence project (AI+X)	In order to promote innovation in each sector through convergence between AI and industries, supporting AI development & utilisation and AI safe-learning based on large-scale data collected from each sector.

Project name	Contents of the projects
Cloud flagship project	Supporting the development of integrated platforms and services in cloud computing services through business consortiums in order to maintain enterprise continuity and secure competitiveness in industries.

4. What (if any) changes would this entail to the existing personal data protection regime in Korea?

ANSWER:

The Personal Information Protection Commission (PIPC) is trying to adopt a right to data portability in the amendment to the Personal Information Protection Act (PIPA) as in the "Digital New Deal". The right to data portability would enable data subjects to strengthen the right to self-determination in the digital era by using and transferring their own data. It is also expected to alleviate data monopoly through which data is concentrated to a few platform businesses and to pave a way for various economic actors including start-ups to safely use data.

Page 7

3.3.2 Manufacturing: Becoming a Strong Industrial Powerhouse

3.15 To reduce pollutants produced at manufacturing sites, the Korean Government introduced a total of 98 clean factories and designated around 50 products for remanufacturing by 2020. Korea also aims to lead the new economic order in a greener society under the 2050 carbon neutrality vision, and is planning to establish the "Visions and Strategies for Industrial Transformation to Achieve Carbon Neutrality by 2050."

Question:

5. Appreciate it if the Republic of Korea could elaborate on the meaning of "clean factories" and the current progress including on the 50 products that have been designated for remanufacturing by 2020. Additionally, appreciate further elaboration on "Visions and Strategies for Industrial Transformation to Achieve Carbon Neutrality by 2050."

[ANSWER]

The role of the Korean Government in "introducing" clean factories operates supporting programs for process analyses and R&Ds to apply Cleaner Production to manufacturing company. Remanufacturing refers to industrial activities in which products are recovered after use and return them to their original performance or higher performance through processes such as disassembly, washing, inspection, repair, adjustment, and reassembly. Products (or parts) for remanufacturing are designated under the consultation with the Ministry of Trade, Industry and Energy and the Ministry of Environment in consideration of environmental and economic performance.

Page 7 to 8

3.3.3. Energy: Achieving Sustainable Growth and Enhancing Quality of Life through Energy Transition

3.19. In December 2020, Korea established plans for the power industry and new and renewable energy sectors. For the power industry, the Korean Government adopted the "9th Master Plan for Power Supply and Demand," which includes forecasts for power supply and demand for 2020-2034 alongside plans for demand management, power facilities, improvement of the power market system, and reduction of greenhouse gas emissions. It also announced the "5th Master Plan for New and Renewable Energy," which aims to generate 25.8% of electricity from new and renewable energy sources by 2034. This plan covers improvement of the power system, the expansion of demand for renewable energy, and comprehensive policies on new and renewable energy such as hydrogen.

Question:

6. Are there any plans to use biogas in electricity generation?

ANSWER:

If biogas is used to produce electricity, it is still possible to issue a certificate (REC) under the RPS system.

Page 8**4 TRADE AND INVESTMENT POLICY****4.1 Multilateral Trade Cooperation****4.1.1 WTO Negotiations****Plurilateral negotiations and other discussions**

4.9. Korea has also continued to participate in discussions on MSMEs since it co-sponsored the Joint Ministerial Statement, Declaration on the Establishment of a WTO Informal Work Programme for MSMEs in 2017. It also joined in adopting a package of declarations for MSMEs in December 2020. Korea is making its utmost effort to provide improved access to trade related information for MSMEs and assistance for their digitalization under the declarations.

Question:

7. Appreciate it if the Republic of Korea could explain how the government ensured the sustainability of the SMEs especially during the pandemic.

ANSWER:

Last year, MSMEs were hit hardest by the unprecedented pandemic, the ministry of SMEs and Startups has spared no efforts to help these small businesses overcome the crisis. In this context, MSS has focused on strengthening the resilience of MSMEs through digitalization such as introduction of smart technology.

8. What measures have been taken and how were they implemented?

ANSWER:

Last year, MSMEs were hit hardest by the unprecedented pandemic, the ministry of SMEs and Startups has spared no efforts to help these small businesses overcome the crisis. In this context, MSS has focused on strengthening the resilience of MSMEs through digitalization such as introduction of smart technology.

A total of 16.2 trillion won (USD 13.5 billion) in direct support was provided five times to small business owners who suffered business losses due to prolonged quarantine measures due to COVID-19 and separately, new loans and guarantees worth 7.87 trillion won (USD 6.57 billion) to MSME were granted.

The MSS created a voucher program to allow SMEs to build up non-contact business environment in six service areas in 2020. The MSS created a voucher program to allow SMEs to build up non-contact business environment in six service areas in 2020.

* ① teleworking ② video conferencing ③ network & security ④ online training ⑤ digital adoption consultations ⑥ day care services for children

MSS quickly changed to "an online export video conference meeting", replacing the offline export consultations and has supported building up 30,000 Smart factories by 2022 to assist manufacturing SMEs in strengthening their competitiveness.

Page 9**4.1.1 WTO Negotiations****Plurilateral negotiations and other discussions**

4.10. As an environment-related issues have assumed an increasing importance all across the world, the Trade and Environmental Sustainability (TESSD) was launched in November 2020 to generate concrete results relating to environmental sustainability. Along with Australia and Singapore, Korea circulated a joint communication on liberalising trade and environmental goods and services and exchanging views on trade-related environmental measures.

Question:

9. Are there any tangible results or progress of TESSD since its establishment?

ANSWER:

Since its establishment, TESSD held four formal meeting that members exchange their views on various trade and environmental topics such as climate-related trade measures and policies, Environmental goods and services liberalisation, and circular economy. As tangible results, TESSD members are now having a discussion to present the MC-12 TESSD statement.

Page 10**4.1.3 Development Cooperation and Support for Developing Countries**

4.18. As a member of the international society, Korea is carrying out a wide range of activities to reinforce the trade capabilities of developing countries and to help them integrate with the multilateral trade system.

Question:

10. What are the activities undertaken by the Republic of Korea to reinforce the trade capabilities of developing countries? Appreciate it if the Republic of Korea could also list the beneficiary countries and in what ways they are benefiting from those activities?

ANSWER:

Korea Customs is carrying out several high-level, working-level invitation seminars and workshops to reinforce the capabilities of developing countries in customs administration. What is more, we are supporting the establishment of system through analyzing the customs-related infrastructure of developing countries and advising appropriate knowhow.

4.20. Furthermore, Korea has provided a range of bilateral assistance to developing countries to help build their capacity related to trade and customs duties.

Question:

11. What are the bilateral assistances provided to developing countries and what countries are involved and the types of assistances provided?

ANSWER:

Korea Customs has undertaken bilateral trainings to respond to the very needs of developing countries in the area of disruptive technologies, e-commerce and AEO based on the prior survey. The bilateral seminar contains expert-level presentation, consulting, on-site visit or programmes. We are grateful for the attention to bilateral seminar and we hope to have discussion on the bilateral advanced seminar in the future.

Page 13**4.4 Investment Policies****Promoting foreign investment and enhancing the substantiality**

4.39. The Korean Government is making an effort to promote re-investment by foreign-capital invested companies, to encourage foreign investment in high value-added sectors and to advance infrastructure to induce investment.

4.40. On 4 February 2020, the Foreign Investment Promotion Act was amended to allow the recognition of investment of unappropriated retained earnings in the establishment or extension of plants as foreign investment, thereby promoting re-investment within Korea by foreign-capital invested companies.

4.41. In addition, to attract substantive foreign investment, the Government is taking into account, inter alia, the market competitiveness of the products by investors, their presence at home, and the possibility of attracting domestic investment.

Question:

12. What current incentive schemes are being offered primarily to attract foreign investors during this COVID-19 pandemic?

ANSWER:

No current incentive scheme was particularly more provided during the pandemic.

Rather, during the pandemic, to complement current incentive schemes, digital/online IR events were actively held to make up for the sharp decline of FDI.

SECRETARIAT REPORT**Page 42****2.5 Trade Agreements and Arrangements****2.5.1 WTO**

2.4.2 Between June 2016 and June 2021, Korea was involved in seven disputes at the WTO: four as a complainant, and three as a respondent. It also participated as a third party in 30 cases.

Question:

13. Republic of Korea is an active user of the Dispute Settlement Mechanism (DSM). As the Republic of Korea has several cases pending for appeal and the Appellate Body is now paralyzed, what would be Republic of Korea's proposal to resolve this issue?

ANSWER:

As the judicial arm of the WTO, the WTO dispute settlement system has been a central element in providing security and predictability to the multilateral trading system. However, due to the current impasse of the Appellate Body, a total of 21 disputes appealed into the void remain unresolved. As a firm supporter of the multilateral trading system, Korea is ready to engage constructively in relevant discussions to find a solution to enhance the functioning of the dispute settlement system with a view to accommodating the needs of WTO members. At the same time, Korea would like to call on the whole Membership to work on the restoration of the system before the current paralysis inflicts critical damage on the very system.

Page 51**2.6.3 FDI incentives****2.6.3.3 Industrial site support**

2.84. Under the industrial site support system, foreign investment zones (FIZs) designated by the Foreign Investment Promotion Act, free trade zones (FTZs) under the Act on Designation and Management of Free Trade Zones, and free economic zones (FEZs) prescribed by the Special Act on Designation and Management of Free Economic Zones are operated to attract foreign investment (Table 2.3).

Question:

14. How does an area or development get gazetted as an FTZ/FEZ and who is the overarching authority?

ANSWER:

Designation of FTZ is published after determined through the following process : review whether requirements for designation of FTZs prescribed in the laws are met; consultation with the relevant authorities; and the FTZ committee. Such publication process is generally managed by the MOTIE. Besides, the administrative authorities of FTZs by classification(industrial complexes, airports, and harbors) are as follows: the Ministry of Trade, Industry and Energy(MOTIE);the Ministry of Land, Infrastructure and Transport(MOLIT);and the Ministry of Oceans and Fisheries(MOF), respectively. When the provincial governor applies to the Minister of Trade, Industry and Energy for the designation of a free economic zone, it shall be designated through deliberation and resolution by the Free Economic Zone Committee belong to Ministry of Trade, Industry and Energy. And overarching authority is Ministry of Trade, Industry and Energy.

15. Are there any future plans for new FTZ/FEZ?

ANSWER:

Free economic zones were designated four times in 2003 and 2008 and 2013 and 2020, and new free economic zones will be reviewed to support the development of new industries and service industries related to the Fourth Industrial Revolution. With the purpose of strengthening the capacity of FTZs, 'FTZ 2030 innovation plan' was prepared in November 2020 and is being carried out.

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2.85. Tax incentives granted by these zones to foreign-invested enterprises vary (Table 2.4). Foreign-invested businesses may benefit from non-tax incentives, including, inter alia, cash grants, provision of infrastructure facilities, foreign education facilities and research facilities, rent reduction or exemptions, eased labour regulations, and free foreign exchange transactions.

Question:

16. How does the mechanism of funding assistance, including cash grants works?

ANSWER:

Incentives are provided in consultation with companies, local governments, and the central government within the scope prescribed by the Foreign Investment Promotion Act and the Free Economic Zone Act.

In terms of cash grants to foreign-invested businesses, FTZ applies the Foreign Investment Promotion Act generally, and such cash grants are identical to those of FIZ.

cash grants, according to 'Foreign Investment Promotion Act', is eligible for foreign investments those which have high levels of positive economic effect, such as high-technology investments or R&D centers. Certain proportion of total investment amount, according to the review of Investment Committee, will be granted as cash.

The specific process is as follows:

- 1) reporting investment, consulting 2) submitting investment plan 3) committee review 4) submitting application 5) contracting 6) granting cash

Other than that, FTZ provides incentives such as rent reduction, relaxation of labor regulations, etc.

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3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures, valuation, and requirements

3.1.1.1 Procedures

3.9. Clearance continues to proceed through a two-track control management system consisting of low-risk (safe track) fast clearance (e.g. exemption of inspection, and self-audits) and high-risk (non-safe track) clearance (e.g. document audits and physical inspections). Since 2009, an Authorized Economic Operator (AEO) Programme has been in place for nine types of entities: exporters, importers, customs brokers, warehouse operators, bonded transporters, freight forwarders, sea carriers, air carriers, and ground handlers. As from October 2017, the electronic clearance examination has been operational for all goods imported by AEO companies. As of 2020, under the Enforcement Rule on the Authorization and Management of Authorized Economic Operators (AEO Enforcement Rule), 832 certified entities (815 in 2016), consisting of 143 importers, 275 exporters, 309 logistics, and 105 brokers, were qualified for special treatment in customs procedures, including fewer physical inspections, exemption from customs audit, and fewer administrative fines. In 2020, 26% (same as in 2015) of imports entered under the AEO system. Korea continued to expand its AEO-related mutual recognition arrangements (MRAs); as at June 2021, it had signed MRAs with 13 partners: the United States (25 June 2010); Canada (25 June 2010); Singapore (25 June 2010); Japan (20 May 2011); New Zealand (25 June 2011); China (27 June 2013); Hong Kong, China (13 February 2014); Mexico (11 March 2014); Turkey (9 June 2014); Israel (22 March 2015); the Dominican Republic (23 April 2015); India (8 October 2015); the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) (22 December 2015); Thailand (27 December 2016); Australia (6 July 2017); United Arab Emirates (6 July 2017); Malaysia (16 October 2017); Peru (14 December 2017); Uruguay (15 December 2017); Kazakhstan (22 April 2019); Mongolia (30 September 2019); and Indonesia (6 February 2020). According to the KCS, MRA benefits for 286 (300 in 2018) importers and exporters in 2019 amounted to USD 385.8 million (USD 357.7 million in 2018) and, inter alia, related to faster clearance and duty payment for the former and lower inspection fee in overseas customs territory for the latter.

Question:

17. What is the level of commitments of Other Government Agencies (OGA) and Permit Issuing Agencies (PIA) in the Republic of Korea in providing preferential benefits to AEO companies?

ANSWER:

There are no benefits provided to AEO businesses by governmental organizations besides KCS. However, for SMEs that want to register for AEO, there are some policies where some governmental organizations provide certain fees (e.g. consultation) needed for AEO registration process.

18. What is the amendment to laws or policies (if any) carried out in the Republic of Korea to provide such preferential benefits?

ANSWER:

At the time of the creation of the system, Customs Act was amended to allow AEO companies to provide benefits related to customs clearance procedures.

19. The 13 MRA's signed by the Republic of Korea with partner countries are bilateral in nature, does the Republic of Korea has intention to negotiate and sign multilateral or regional MRAs?

ANSWER:

So far, Korea has signed 22 MRAs, and bilateral cooperations with three countries (Viet Nam, Russian Federation, and United Kingdom) are currently underway. Korea is not initiating multilateral or regional AEO MRAs at the moment.

20. How effective and efficient are the AEO Programme in movement of goods and how receptive are the companies in the Republic of Korea towards the programme?

ANSWER:

Once a business becomes AEO in Korea, the customs inspection is estimated to decrease by 85%. There are no recent reports about the satisfaction rate of AEO businesses, however, most businesses renew their AEO status.

Page 58**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.1 Measures Directly Affecting Imports****3.1.1 Customs procedures, valuation, and requirements****3.1.1.1 Procedures**

3.15. Korea's trade facilitation efforts remain appreciated at the international level, and the KCS is considered to be at the cutting edge of international best practice. According to World Bank Doing Business data, in 2020 Korea ranked 36th among 190 economies (31st of 189 economies in 2016) in ease of trading across borders, while gains from its trade facilitation by 2020 were estimated at 2.18% of GDP (USD 29 billion) and 8.18% of exports (USD 52 billion). According to the OECD trade facilitation indicators, as of 2019, Korea matched or exceeded best performance across the more than 160 participating countries in the areas of information availability, involvement of trade community, advance rulings, fees and charges, simplification and harmonization of documents, automation of border processes, streamlining of procedures, internal border agency cooperation, cross-border agency cooperation, governance, and impartiality. Between 2017 and 2019, performance improved in the areas of involvement of the trade community and advance rulings. The 2019 OECD appraisal indicated that possible improvements could involve the availability of comprehensive information about applicable fees and charges, the percentage of procedures expedited electronically, the expansion of the use of pre-arrival processing of goods and of post-clearance audits, and the expansion of the use of AEO programmes.

Question:

21. Malaysia commends the Republic of Korea on its achievement regarding the Korea Customs Service (KCS) which is considered to be at the cutting edge of international best practice. Could Republic of Korea please share the best practices and challenges faced and how did the Republic of Korea overcome the challenges?

ANSWER:

First of all, we express our gratitude for Malaysia's interest in KCS's capacity building. Every year, KCS conducts twelve capacity-building projects. We aim to strengthen our partners' capabilities by designing programs they request, dispatching experts, etc. We are happy to enhance the partnership with Malaysia in terms of capacity building and look forward to more opportunities to discuss the matter further.

Page 65**3.1.3.3 "Flexible" tariffs**

3.37. Korea continues to apply temporary MFN duties (termed "flexible" tariffs). The flexible tariffs mechanism includes not just the adjustment and seasonal duties (see below), but also autonomous tariff quotas and "usage" tariffs, as well as safeguard and special safeguard duties (Sections 3.1.3.8.2 and 3.1.6.2). The system allows the increase or decrease of certain tariffs at the authorities' discretion, providing considerable scope to encourage or discourage imports of particular items to stabilize prices, protect local producers, ensure a steady supply, and implement other industrial policy. In 2016, the authorities reduced the role of the flexible tariff system on price stabilization, considering the country's low inflation and continued drops in prices of oil and other raw materials and sought to increase its support for domestic companies and vulnerable industries; the situation remains unchanged. Furthermore, at the time of the previous Review, to help offset a rise in costs for farmers, the Government offered lower import duties on animal feed.

Question:

22. Does the Republic of Korea plan to further reduce the tariffs?

ANSWER:

Currently Korea does not plan to reduce the tariffs. But Korea has implemented the tariff concession precisely without delay according to the WTO agreement such as the ITA Expansion. And a number of many FTAs and multilateral trade agreements in which Korea participated are having the effect of lowering the tariff rates.

Page 66 & 207**Adjustment duties**

3.40. In 2021, adjustment duties applied to 19 six-digit tariff items (or 14 different types of product), covering mainly certain fish and seafood, rice preparations, sauces, plywood, and naphtha, compared to 18 six-digit tariff items (or 13 different types of product) in 2016 (Table A3.3). *Ad valorem* adjustment duties now range from 0.5% on naphtha to 50% on steamed or boiled rice, compared to general rates ranging from 8% (e.g. rice, plywood, and sauces) to 30% (oak mushrooms), with the biggest difference affecting rice preparations. Alternate duties, where applicable duties are the higher of an *ad valorem* or a specific duty, affect four six-digit tariff lines in 2021. Several products subject to adjustment duties, such as certain fish and plywood items, remain unbound; adjustment duty rates for the four bound items are below their binding level. In 2017, the adjustment tariff for frozen saury was lowered from 28% to 26% in consideration of increased demand for fish bait. In 2021, this tariff was adjusted to 24%, considering the outbreak of COVID-19 and domestic and international market situations.

Question:

23. The Republic of Korea has applied the adjustment duties of 10% on plywood (4412.31, 4412.33, 4412.34, 4412.39 and 4412.99) from 2020 to 2021. Furthermore, in November 2020, the Ministry of Economy and Finance has notified the imposition of anti-dumping duty (AD) on the imports of plywood more than 6mm in thickness (HS4412.31, 4412.33 or 4412.34), originating from Malaysia, for three years, starting 6 November 2020 to 5 November 2023. Imports of plywood declared after 8 May 2020 also have to abide by the AD duties. The AD duties range from 4.73% to 38.10%. The imposition of AD and adjustment duties of importation of plywood from Malaysia has formed trade barriers for Malaysia's export of plywood to the Republic of Korea, and it has been considered one of the major reasons for the declining export trend to the Republic of Korea in the recent years.

ANSWER:

Through the sunset review of the imposition of AD on imports of polywood, KTC(Korea Trade Commission) determined that there is a likelihood of continuation/recurrence of injury in case of cessation of duties. The imposition of AD according to the KTC's decision is unfair trade corrective measures under the WTO AD agreement, which is not a trade barrier.

The imposition of the adjustment duties is equally applied to all importing countries to Korea. The adjustment duties, therefore, does not form a trade barrier only to a specific country.

24. Could Republic of Korea reconsider the imposition of the adjustment duties for plywood? Please provide more information on the specific rationale(s) for changing/raising the "adjustment tariff", and when would it be reviewed?

ANSWER:

The adjustment duties may be assessed, *inter alia*, when there exist risks for the domestic market or the domestic industrial foundation to be undermined by an increase in the import of goods including agricultural, forest and livestock products, whose international competitiveness is weak, hence making it necessary to correct or prevent them from such risks.

The relevant government authorities or interested party of private sector may request the imposition of the adjustment duties on specific goods. In case of plywood, the Korea Forest Service is responsible for reviewing the adjustment duty issue.

Page 79**3.2.4 Export support and promotion****3.2.4.1 Subsidies**

3.84. Korea does not have export subsidy commitments; during the review period, it continued to use export subsidies for certain farm products under the provisions of Article 9.4 of the WTO Agreement on Agriculture for developing countries.¹¹³ Despite their intention at the time of the previous Review, the authorities notified to the Committee on Agriculture pending export subsidy data (2009-13) in 2017 rather than in 2016, as well as relatively recent export subsidy data (2014-17) in 2019.¹¹⁴ These subsidies totaled KRW 32.92 billion (2015), KRW 36.72 billion (2016), KRW 39.6 billion (2017), KRW 30.52 billion (2018), and KRW 34.41 billion (2019), and they continued to cover fruit, flowers, vegetables, kimchi, ginseng, livestock, grain and processed food, and traditional liquor. The subsidies were used to reduce exporters' marketing/logistics costs in accordance with the Framework Act on Agriculture, Rural Community, and Food Industry (Article 59), and are exempt from WTO reduction commitments. Corporate income tax relief to industries located in export-oriented FTZs was eliminated in 2019 (Sections 2.7.3.1 and 3.3.1.2.2.2); nevertheless, firms having applied for it on or before 31 December 2018 may still benefit.

Question:

25. Does the Republic of Korea support the oilseeds and vegetable oils sector, especially for export purposes, to help cushion the impact of the COVID-19 pandemic?

ANSWER:

Korea did not support the export of oil seeds and vegetable oils sector to help cushion the impact of the COVID-19 pandemic.

Page 91**3.3.1.2.2 Other support****Sector-specific**

3.125. A July 2020 Korean New Deal initiative (Sections 1.2.1 and 1.2.4) to invest KRW 160 trillion (USD 133 billion) over 2020-25 based on two main policies, the Digital New Deal (KRW 58.2 trillion) and the Green New Deal (KRW 73.4 trillion), aimed to bolster job creation and enhance the competitiveness of the domestic manufacturing sector by increasing public investment in digital and green energy infrastructure.¹⁶² It aims to also to strengthen the employment and social safety net (KRW 28.4 trillion) by, *inter alia*, expanding unemployment insurance coverage to all forms of employment. Local governments and the private sector would contribute KRW 25.2 trillion and KRW 20.7 trillion, respectively, while the central Government would cover the remaining amount. The initiative includes projects for expanding the integration of 5G and AI into industries, promoting remote working in SMEs, promoting prospective businesses to lead the green industry, establishing low-carbon and green industrial complexes, promoting renewable energy use and supporting a fair transition, and expanding the supply of electric and hydrogen vehicles. Under the Digital New Deal initiative, several support measures, including vouchers, funds, grants, and guarantees, for four sectors (strengthening the DNA ecosystem, digitalizing educational infrastructure, nurturing the contactless industry, and digitalizing social overhead capital) are envisaged.

Question 26:

SMEs, venture start-ups and micro enterprises that seek to create new services by utilizing AI and Data or contactless, digitalized workplace, and also promising start-ups with innovative ideas on contactless sectors are qualified for the support measures.

ANSWER:

SMEs, venture start-ups and micro enterprises that seek to create new services by utilizing AI and Data or contactless, digitalized workplace, and also promising start-ups with innovative ideas on contactless sectors are qualified for the support measures.

Question 27:

Would also appreciate if Korea could share the breakdown of allocated funding for the offered support in these four sectors.

ANSWER:

The Korean government budget worth about KRW 44.8 trillion will be invested in the Digital New Deal over the period of 2020-25. Specifically, KRW 31.9 trillion is allocated for Strengthening the

D.N.A. Ecosystem, and KRW 0.8 trillion for Digitalizing Educational Infrastructure, and KRW 2.1 trillion for Nurturing the Contactless Industry, and KRW 10 trillion for Digitalizing Social Overhead Capital(SOC).

3.127. Subsidies for promotion of solar panels and **other renewable energy sources** to support the shifting away from nuclear and fossil fuel have been on the rise, from KRW 0.51 trillion in 2016 to KRW 0.5 trillion in 2017, KRW 0.6 trillion in 2018, and KRW 0.64 trillion in 2019 on the basis of government budget expenditure.

Question:

28. Could the Republic of Korea list the renewable energy source that receives subsidies?

ANSWER:

There is no subsidy for a specific renewable energy source.

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3.129. According to Korea's latest WTO notifications of April 2021, covering the period 2016-18, the current total aggregate measure of support (AMS) rose from KRW 748.38 billion in 2016 to KRW 1,489.78 billion in 2017 and dropped to KRW 2.91 billion in 2018 (remaining below its final bound level of KRW 1.49trillion), in line with WTO provisions and scheduled commitments. Soybeans remained the only item subject to MPS; this support rose from KRW 7.26billion (2016) to KRW 33.27 billion (2017) and dropped to KRW 8.82 billion (2018). Total domestic agricultural support (including Green Box, development programmes subject to special and differential (S&D) treatment, and de minimis support not subject to reduction commitments), rose from KRW 8.6 trillion (KRW1.37 trillion excluding Green Box and S&D assistance) in 2016 to KRW 9.1 trillion (about KRW 1.4 trillion in 2018 excluding Green Box and S&D assistance) (TableA3.7). In 2018, de minimis support included MPS (soybeans), other product-specific assistance (e.g. rice deficiency payment of KRW 539.3 billion, milk deficiency payment of KRW15.0billion, and loan interest subsidies for numerous items), and non-product-specific support of KRW 789.4 billion (mainly crop insurance, direct payments, and self-help fund raising). In 2018, Green Box support remained over five times (virtually the same as in 2016) the size of Korea's total product-and non-product-specific AMS.

Question:

29. Appreciate if the Republic of Korea could explain on the details of its domestic subsidy scheme for soybean.

[ANSWER]

Korea has a domestic support program for soybean in place to ensure a stable food supply and proper level of self-sufficiency rate.

The government makes contracts with farmers in advance, taking into account the production cost etc., and purchases from farmers during the harvest season. Considering the domestic market demand, it supplies to businesses with actual demand for processing food such as tofu, paste.

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3.3.2 Standards and other technical requirements

3.3.2.1 Standards, testing, and certification

3.134. Standard development remains government-led and a significant element of Korea's industrial policy. Under the inter-ministerial fourth National Standards Plan (2016-20), key policy goals included the development of standards for new growth engine activities for improving people's daily life and the eradication of redundant certification systems. The Plan aimed to advance the national standards system, strengthen the standard technology infrastructure, promote active participation in international standardization activities, and assist the private sector in increasing its capacity to develop standards.¹⁷² A fifth National Standards Plan will be established in the second quarter of 2021. During the review period, KATS implemented standardization strategies required for competitiveness in emerging industries and adaption to technological changes of the Fourth Industrial Revolution; efforts for KS to be reflected in the fields of the Fourth Industrial Revolution, such as a smart factory, a smart city, the Internet of Things (IoT), and big data, were undertaken.

Question:

30. What is the significant achievement for the Fourth National Standards Plan (2021-2025)?

ANSWER:

The results of the 4th National Standards Plan are as follows.

1. Development of standards for new smart industries such as smart manufacturing, IoT and Bio-healthcare.
2. Support for corporate growth through expansion of company-friendly standards certification base.
3. Standardization for a pleasant and safe public life
4. Private sector to respond to technological change establishment of the basis for activation the leading standardization system.

31. What are the main goals for the Fifth National Standards Plan and significant changes from the previous plan?

ANSWER:

The difference between the 4th National Standards Plan and the 5th National Standards Plan is to strengthen international standard proposal activities centered on future core technologies such as security system technologies, the establishment of a technical regulation response system, and the development of service standards such as digital education, the linkage of developed technologies and standards.

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3.3.2.2 Voluntary, compulsory, national, and aligned standards

3.138. As of 2016, about 15% of all KSs (3,072) were contained in 5,470 technical regulations issued by 19 government ministries. No recent data were available from the authorities.

Question:

32. Please provide further information on technical specifications or mandatory standards on formaldehyde emission on wood-based panel products.

ANSWER:

In accordance with 'Annex 5 of the 'ELECTRICAL APPLIANCES AND CONSUMER PRODUCTS SAFETY CONTROL ACT', the surface-processed wood material(normal plywood, specially processed plywood, fiberboard, particle board) used in furniture for homes, offices, schools, etc., should comply with the safety requirements for hazardous substances specified in the safety standards. (See Table 1.Safety Requirements for Hazardous Substances from Wood or Table 2.Safety Requirements for Hazardous Substances from Wood). Safety standards are available on the website(www.kats.go.kr) of the Korean Agency for Technology and Standards. It is also related to the 'ACT ON THE SUSTAINABLE USE OF TIMBERS' of Korea Forest Service.

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3.140. In 2020, Korea maintained bilateral MOUs with 76 agencies (42 in 2016) from 41 countries (31 in 2016) for mutual cooperation in global standardization activities, exchange of technical information related to standards and conformity assessment, organization of standardization meetings, operation of joint education programmes, and exchange of experts.177

Question:

33. Why are the number of bilateral MoUs maintained since 2016? Any plan to add to the numbers?

ANSWER:

The number of bilateral MoUs is slightly different from year to year. Korea has been signing MoU with major standardization agencies, and renewal work has been ongoing to update the field of cooperation as well. Despite of COVID-19, three MoUs will be signed in 2021, but the total number of MoUs will not increase this year because all of three are renewal signings, not new signings. If specific effects of mutual cooperation would be expected, Korea is ready to sign a MoU with a new agency.

34. What are the significant benefits of these bilateral MoUs to standardisation and conformity assessment in Republic of Korea?

ANSWER:

One of the most important cooperations in the field of standardization and conformity assessment is information sharing. If any information in the field of standardization and conformity assessment

is needed, Korea will contact the relevant agency based on MoU and receive support. Furthermore, it is also an important benefit that can serve as the basis for cooperation between experts.

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3.3.6.1 Legislation

3.216. During the review period, changes were made to the government procurement legislation. The 1995 Act on Contracts to Which the State Is a Party (last amended by Act No. 16578, 26 November 2019) covers international and domestic procurement of goods and services, including construction, by all central government agencies. Amendments that entered into force on 20 March 2018 involved the method of contracting, agreement on dispute resolution methods, state contract disputes conciliation, competition among tenders eligible for preferential purchase, and dispute resolution through arbitration or conciliation by the State Contract Disputes Conciliation Committee. Amendments enforced from 27 May 2020 related to, inter alia, principles of contracting, preparation of estimated price, determination of successful tenderer in competitive tendering procedure, and adjustment of contract amount according to price fluctuation. The latest amendment to the Government Procurement Act, passed on 17 January 2017 and enforced from 18 July 2017, was made for giving the PPS clear grounds for investigation into unfair procurement practices for demand commodities. Although purchase of agricultural, fisheries, and livestock products is not subject to international tendering under the GPA, their procurement is covered by the Act on Contracts to Which the State Is a Party.

Question:

35. Appreciate if the Republic of Korea could explain on the implementation of the adjustment of contract amount according to price fluctuation.

ANSWER:

Korea is implementing the adjustment of contract amount according to price fluctuation as follows:

Article 64 (Adjustment of Contract Price According to Price Fluctuation) In any of the following cases, the head or a contracting officer of a central government agency shall adjust the amount of a contract (referring to the amount of the entire construction project or the total production, etc., additionally stated in the initial contract: hereafter the same shall apply in this Chapter) after 90 days from the date on which a contract that imposes a burden on the National Treasury (referring to the initial contract in cases of a contract for a long-term continuing project or the long-term continuing manufacture, etc.) is made under Article 19 of the Act, as prescribed by Ordinance of the Ministry of Strategy and Finance. In such cases, the contract price shall not be adjusted again within 90 days from the reference date of adjustment (referring to the date on which the cause of adjustment arises; hereafter the same shall apply in this Article). <Amended by Presidential Decree No. 15661, 24 Feb. 1998; Presidential Decree No. 16548, 9 Sep 1999; Presidential Decree No. 18359, 6 Apr. 2004; Presidential Decree No. 19035, 8 Sep 2005; Presidential Decree No. 19782, 29 Dec 2006; Presidential Decree No. 20720, 29 Feb 2008>

1. Where the adjustment rate of goods, computed in accordance with a formula prescribed by Ordinance of the Ministry of Strategy and Finance on the tender date as reference date (referring to the date of execution of a contract in cases of a negotiated contract or the immediately preceding reference date of adjustment in cases of adjustment of a contract price for the second and subsequent contracts; hereafter the same shall apply in this paragraph and paragraph (6)), increases or decreases by not less than 3/100;

2. Where the index adjustment rate, computed by the formula prescribed by Ordinance of the Ministry of Strategy and Finance on the tender date as its reference date, increases or decreases by not less than 3/100.

(2) When the head or a contracting officer of a central government agency adjusts a contract price pursuant to paragraph (1), he/she shall apply one of the methods specified in paragraph (1) to an identical contract and shall clearly stipulate in the written contract that the contract price shall be adjusted by the method specified in paragraph (1) 1, unless the counter-party to the contract wants to apply the method specified in paragraph (1) 2. <Amended by Presidential Decree No. 16548, 9 Sep 1999; Presidential Decree No. 19035, 8 Sep 2005>

(3) If an advance payment has been made to the counter-party to a contract under the provisions of Article 40 of the Enforcement Decree of the Management of the National Funds Act, the amount calculated by the formula prescribed by Ordinance of the Ministry of Strategy and Finance shall be deducted from the increased amount computed in accordance with paragraph (1). <Amended by Presidential Decree No. 16548, 9 Sep 1999; Presidential Decree No. 17824, 30 Dec. 2002; Presidential Decree No. 19035, 8 Sep 2005; Presidential Decree No. 20720, 29 Feb 2008>

(4) If it is impracticable to procure goods by applying paragraph (1) when the head or a contracting officer of a central government agency purchases goods, the highest selling price of which shall be publicly notified in accordance with relevant statutes, or in any other case, he/she may prescribe provisions different from paragraph (1) regarding the adjustment of a contract price at the time of execution of the contract. <Newly Inserted by Presidential Decree No. 16548, 9 Sep 1999>

(5) If it is deemed impracticable to perform a contract due to a natural disaster or rapid rise of raw material prices in applying paragraph (1), unless the contract price is adjusted within the period during which the adjustment is restricted, the contract price may be adjusted within 90 days from the date of execution of the contract or from the immediately preceding reference date of adjustment, notwithstanding the aforementioned paragraph. <Newly Inserted by Presidential Decree No. 18359, 6 Apr 2004; Presidential Decree No. 19035, 8 Sep 2005>

(6) Notwithstanding paragraph (1), the head or a contracting officer of a central government agency shall adjust the contract price only for the material concerned, if the increase or decrease rate of the price for the material, computed on the tender date as its reference date due to the fluctuation of the price for the material in particular specifications (applicable only to a material, the cost of which exceeds 1/100 of the aggregate of material cost, labor cost, and expenses that constitute the project cost) for the contract for a construction project is not less than 15/100. <Amended by Presidential Decree No. 19806, 29 Dec 2006; Presidential Decree No. 22282, 21 Jul 2010>

(7) The head or a contracting officer of a central government agency shall adjust a contract price, when the requirements for the adjustment of the contract price under paragraph (1) are met due to foreign exchange fluctuation. <Newly Inserted by Presidential Decree No. 21202, 31 Dec. 2008>

(8) Notwithstanding paragraph (1), the head of each central government agency or a contracting officer shall adjust the contract price for simple labor services prescribed by Ordinance of the Ministry of Strategy and Finance, only with respect to labor cost for which unit wages have changed after the budget price is made. <Newly Inserted by Presidential Decree No. 28690, 6 Mar 2018>

36. How do you manage the contract after the adjustment of price being done?

ANSWER:

Rewrite the relevant documents and notify the guarantee institution in writing.

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3.3.6 Government procurement

3.3.6.3 Public Procurement Service (PPS)

3.222. The PPS's main functions remain supplying goods and services for government use, contracting and managing public works, stockpiling 15 types of essential raw and construction materials to secure price stability and supplies, coordinating and auditing government goods and real estate property management, and operating the Korea Online e-Procurement System (KONEPS).

Question:

37. Since the PPS is used for Government Procurement and the KONEPS is part of that larger system, appreciate if Republic of Korea can clarify the following points:
- i. What roles do the different external systems linked to KONEPS have within the PPS?
 - ii. Clarify how KONEPS has been exported to seven countries, including Viet Nam and Costa Rica?

ANSWER:

The external systems linked to KONEPS have contributed to ensuring transparent and swift public procurement by allowing documents needed for registration, bidding, conclusion of contracts, reception of deposits, payment, etc. to be replaced by the linked electronic information.

In most cases, KONEPS has been exported in the form of grant out of *KOICA's ODA fund.

*KOICA: Korea International Cooperation Agency(KOICA)

Page 122**3.3.6 Government procurement****3.3.6.3 Public Procurement Service (PPS)**

3.223. All bidders wishing to participate in PPS-conducted tenders must register with the PPS. For construction works below KRW10 billion, it uses an eligibility screening system. "Abnormally low or dumping" tenders are rejected.³⁰⁵ The best value award method is used for contracts exceeding KRW 10 billion after conducting a pre-qualification evaluation followed by a comprehensive evaluation on the bid price, performance, and social responsibility to determine the successful bidder. A prequalification system (PQ System) is also used to determine eligible bidders. While the procuring entities may decide to use the PQ system, its utilization is compulsory for construction projects subject to the best value award method. Separate prequalification lists are maintained for each construction project, based on objective criteria.³⁰⁶ Bid results, including tenders, prequalification evaluation, and contract awards are released on the KONEPS site (<http://www.g2b.go.kr>). As indicated by the authorities at the time of the previous Review, there are no special prequalification requirements or restrictions imposed on foreign suppliers.

Question:

38. Appreciate if the Republic of Korea could provide further explanation on how social responsibility is a part of best value award method?

ANSWER:

Social responsibility criteria taken into account for the evaluation involve construction safety (including evaluation of the number of violations in reports of industrial accidents), fair trade (including evaluation of compliance with fair trade laws), contribution to the local economy (evaluation of the share of participation by local suppliers in the works project site) and employment of construction workers (including evaluation of compliance with the Labor Standard Act)

39. How do you evaluate social responsibility criteria during bidding process?

ANSWER:

The social responsibility performance is reflected in the form of additional points of up to 2 in the construction capability evaluation.

Page 124**3.3.6 Government procurement****3.3.6.3 Public Procurement Service (PPS)**

3.231. Reportedly, centralized procurement has proven to be beneficial in Korea in making public procurement more transparent and efficient by establishing an E-Procurement System, mainly led by the PPS, and allowing various procuring entities to use it. However, it seems that there are concerns about the purchase price via the PPS and the level of commission paid by procuring entities to the PPS. According to a 2015 OECD assessment of the PPS procurement system, KONEPS contributes substantially to the efficiency, effectiveness, and integrity of public procurement in Korea. According to the 2019 OECD Government at a Glance report, KONEPS provides the highest connectivity to external databases, as it is interconnected to over 200. So far, KONEPS has been exported to seven countries, including Viet Nam and Costa Rica. Between 2021 and 2023, the PPS would have to rebuild the current KONEPS into Inno-KONEPS based on digital technologies (e.g. cloud, big data, and AI) to reduce overlapped operation and waste in public funds, as well as to enhance public access to procurement information by integrating respective procurement systems of local governments into Inno-KONEPS.

Question:

40. How does the Republic of Korea ensure that suppliers and bidders are not manipulative during the tendering process?

ANSWER:

PPS' bidding requires an applicant wishing to participate for an e-signature involving an accredited certificate, which prevents any manipulative attempts in the process

41. Appreciate if the Republic of Korea could clarify on the revolving fund and level of commission in order to stabilise procurement price.

ANSWER:

PPS provides procurement services on goods, services and construction works. In return, the procuring agency charges commissions. The commission rate is 0.54% against the MAS contract price, which is relatively lower than 0.75% of the U.S. counterpart.

The commissions go to the revolving fund which are used to make early payments for suppliers (then the payments are collected from public user entities) in support of liquidity for those SMEs. And they are also spent for stockpile projects to ensure price stability

Page 157**4.3.2.3.2 Domestic support**

4.91. The Government allocated a significant part of its budget to implement the Green New Deal (Section 4.3.2 and 3.3.1.2). In addition, **subsidies are provided to reduce emissions for old diesel vehicles, and to support the purchase of natural gas, electric, and hydrogen fuel-cell vehicles.** Prices of electricity are monitored or controlled (Sections 3.3.1.2 and 3.3.4.2).

Question:

- 42.** The Republic of Korea is increasing its biofuels blending mandate to 5% (B5) by 2030, from 3% (B3). The B3 mandate has been in place since 2018 and will increase to 3.5% from July 2021 until 2023. It will then be set at 4% during 2024-26 and 4.5% over 2021-29, before rising to 5% from 2030. The use of biofuels or biofuels blending has proven to reduce the consumption of fossil fuels and thus reduce carbon dioxide emissions align with the implementation of the Green New Deal. Therefore, are there any plan subsidies provided to support the purchase of biodiesel for renewable fuel in the future?

ANSWER:

Currently, the government does not provide subsidies to support the purchase of biodiesel. Nor is there a plan to introduce ones in regard to increasing biodiesel blending mandate to 5 % by 2030 as scheduled.

4.3.2.4.2 Natural gas

4.98. Natural gas accounted for 17.7% of TPES, and 25.6% of electricity generation in 2019. As domestic production covers only 0.5% of total gas consumption, Korea imports more than 99% of its demand for gas. Korea does not have international gas interconnections, thus all gas is imported as **LNG**. Domestic production comes from two offshore gas fields. The field operator, KNOC, plans to operate the fields until 2022, when the reserves are to be depleted.

Question:

43. Is there any plan to replace the use of LPG with biogas/bio-CNG?

[ANSWER]

The Korean government is not involved in the LPG business sector, which is strictly private. However, when it comes to LNG, the government is considering mixing hydrogen with natural gas in the pipelines in order to reduce carbon emissions over the long term. A technical review will be conducted preemptively to look into (1) potential risks posed and (2) damage to the integrity of pipelines when hydrogen is injected into the pipelines and (3) impacts of degraded natural gas on customers.

Page 160**4.3.2.6 New and renewable energy**

4.121. Promoting energy from renewable sources is the core of Korea's energy target. Korea is committed to increasing the share of renewables in power generation to 20% by 2030 and to 30%-35% by 2040. Currently, the share of new and renewable energy in TPES (2.4% in 2019) is much lower than the IEA median (11%), and the share of renewable energy in power generation (4.9%) is also lower than the IEA median (27%).

4.122. In 2019, Korea had 19,651 MW of new and renewable energy-generation capacity, up from 19,027 MW in 2018. Solar photovoltaic (PV) accounted for 84.6% of total new and renewable power capacity, followed by biomass (6.5%) and wind (4.3%).

4.123. Pursuant to the Act on Development, Use and Diffusion of New and Renewable Energy (Renewable Energy Act), MOTIE formulates basic national plans for the promotion of new and renewable energy every five years. MOTIE also oversees the regulations for renewable electricity generation, including the allocation of permits. The KEA and the Korea New and Renewable Energy

Center under it promote new and renewable energy by issuing renewable energy certificates (RECs) that serve as certified proof of renewable energy power generation.

Question:

44. What projects have been implemented in the Republic of Korea for the promotion of biomass-derived energy?

[ANSWER]

Korea supports the deployment of biomass through the RPS system, which obliges electricity suppliers to produce a certain percentage of renewable energy, including bioenergy. Also, the government supports biomass under the RFS system, which mandates the use of bioenergy for a portion of transport fuel.

45. What are the challenges and problems in utilizing the biomass potential facing by the manufacturers in the Republic of Korea?

[ANSWER]

Systematic collection and transportation measures should be developed for the use of various types of biomass.

46. Appreciate it if the Republic of Korea could give details on the type of biomass used to generate renewable energy.

[ANSWER]

It includes woods, biological waste, biogas etc.

47. Are there any incentives or support to the industry players involved in producing renewable energy, especially from biomass?

[ANSWER]

Businesses can obtain 'renewable energy certificates' that can be traded when generating renewable energy power through biomass.

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4.4.2 Automotive

4.141. To purchase, own, and use automobiles, various taxes are imposed (Table 4.11). The Government has been facilitating the development of eco-friendly cars by providing tax incentives.

Question:

48. The Republic of Korea is increasing its biofuels blending mandate to 5% (B5) by 2030, from 3% (B3). The B3 mandate has been in place since 2018 and will increase to 3.5% from July 2021 until 2023. It will then be set at 4% during 2024-26 and 4.5% over 2021-29, before rising to 5% from 2030. The use of biofuels or biofuels blending has proven to reduce the consumption of fossil fuels and thus reduce carbon dioxide emissions align with the implementation of the Green New Deal. Therefore, is there any plan for providing tax incentives on vehicles that use biodiesel for renewable fuel in the future?

ANSWER:

Korea is currently promoting the expansion of biofuel use, focusing on renewable Fuel Standards.

MEXICO**PREGUNTAS EN RELACIÓN AL INFORME DE COREA** Documento WT/TPR/G/414,
Preguntas en materia de Política de CompetenciaPágina 5 (párrafo 3.1)

3.1 Corea ha hecho grandes esfuerzos por reorientar sus políticas para lograr una "economía centrada en las personas" a fin de resolver los problemas del lento crecimiento y la creciente desigualdad y abrir una senda hacia el crecimiento sostenible. El Gobierno coreano está realizando esfuerzos decididos por hacer realidad a través de sus políticas tres valores fundamentales: innovación, inclusión y equidad.

Pregunta:

Con relación a los elementos centrales de la política económica de Corea, ¿cómo la iniciativa "New Deal de Corea", en particular la estrategia "New Deal Digital", ha contribuido para reducir la desigualdad y ayudado, si es el caso, a resolver los problemas de lento crecimiento?

Question 1. With regard to the core elements of Korea's economic policy, how has the "Korea New Deal" initiative, in particular the "New Deal Digital" strategy, contributed to reducing inequality and helped, if any, to solve slow growing problems?

[Answer]

First, The "Digital New Deal" initiative operated over 1,000 digital learning centers to provide digital capacity-building education to the vulnerable groups, and contributed to bridge the digital divide through digital accessibility policies, such as the rural communication networks advancement policy and the public Wi-Fi establishment policy.

In addition, over 170,000 businesses and institutions, mainly SMEs and start-ups, participated in government-led key Digital New Deal projects(2020-2021), which contributed to revitalize business activities. Through the 'Data Dam' project, various types of data in different fields including finance, transportation, culture, and healthcare are being collected, shared, and used. This led the domestic data market to grow by 14.3% year-of-year, promoting innovation for the overall economy and industry.

Página 6 (párrafo 3.4)

3.4 La pandemia de COVID-19 ha provocado un fuerte incremento de la demanda de servicios en línea y sin contacto físico, acelerando la transición hacia una economía digital. En consonancia con esta tendencia, el Gobierno coreano ha aprobado un New Deal Digital para promover la innovación digital en toda la economía y desarrollar la infraestructura necesaria para los sectores en línea y digitales. El objetivo del Gobierno coreano es crear un ecosistema sólido para los datos, las redes y la inteligencia artificial (conocidos como "sectores D.N.A.", por su acrónimo en inglés), apoyando el uso y la convergencia entre los datos, la tecnología 5G y la inteligencia artificial en todas las ramas de producción. También está haciendo todo lo posible por crear infraestructuras que faciliten la prestación de servicios médicos inteligentes basados en la tecnología 5G y en la Internet de las Cosas -en el marco de un esfuerzo por promover los servicios en línea en esferas estrechamente relacionadas con la vida de las personas - y por alentar a los pequeños empresarios a aprovechar al máximo las ventajas que ofrecen las tecnologías inteligentes

Pregunta:

Considerando que la creación de la estrategia "New Deal Digital" fue en julio de 2020, hasta el momento, ¿hay algún avance en particular de dicha estrategia para las 4 áreas mencionadas en el gráfico 3.1.?

Question 2. Considering that the creation of the "New Deal Digital" strategy was in July 2020, so far, is there any progress in particular of said strategy for the 4 areas mentioned in figure 3.1.?

[Answer]

There are largely four major achievements from the Digital New Deal strategy announced in July 2020:

1) Strengthening the D.N.A. ecosystem: As the Data dam project facilitated collecting, sharing and use of various types of data in different fields, the domestic data market grew 14.3% year-on-year, and the participation of existing software and system integration companies in the data and artificial

intelligence business started to be activated in earnest.

2) Digitalize educational infrastructure: Support was provided to create a blended learning environment that combines online and offline learning. As part of this effort, the government supported installing high-performance Wi-Fi in elementary, middle, and high school classrooms across the country and distributed tablet PCs. Efforts were also put in to secure quality online educational content, namely the K-MOOC service.

3) Fostering contactless industries: Digital transformation support led to 8,000 factories and 4,000 small businesses adopting smart technologies.

4) SOC digitization: Enhanced the safety and convenience for people's everyday environment by distributing smart city platforms to a number of local governments and by establishing a flood management system and a disaster response early warning system.

Página 14 (párrafo 4.33)

4.33 El Gobierno de Corea ha actualizado sus servicios de comercio electrónico para favorecer la transición digital en el comercio. En particular, ha mejorado el sistema uTradeHub a fin de reducir sustancialmente los costos del comercio y hacer que las transacciones comerciales sean más inteligentes.

Pregunta:

¿Hay alguna normativa nacional que regule el uso de inteligencia artificial y la protección de datos obtenidos a través del sistema uTradeHub?

Question 3. Are there any national regulations that regulate the use of artificial intelligence and the protection of data obtained through the uTradeHub system?

[Answer]

uTradeHub system operation is guided by the Electronic Trade Facilitation Act, and Article 21 (Disclosure of Electronic Transaction Documents and Transaction Information) of the Act articulates when the data can be disclosed. AI can't access confidential information such as sensitive business information of companies that are not permitted by the ACT.

PREGUNTAS EN RELACIÓN CON EL INFORME DE LA SECRETARÍA [Documento WT/TPR/S/414](#), **Preguntas en materia de Política de Competencia, Buenas Prácticas Regulatorias y Medidas Sanitarias y Fitosanitarias**

Página 27 (párrafo 1.16)

1.16. Durante el período examinado, Corea elaboró una visión ("Elevar la calidad de vida de la población mediante la consolidación de una economía de mercado justa") con objeto de promover la innovación y la competencia, e introdujo varios cambios legislativos para responder a la evolución del panorama económico (sección 3.3.4.1.1). El grado de concentración del mercado y de la industria sigue siendo relativamente elevado, y los grandes conglomerados de empresas y del Estado siguen siendo objeto de vigilancia. Para mejorar la transparencia y la solidez de la estructura de la propiedad y la gestión de las empresas, se mantiene la prohibición de las nuevas participaciones cruzadas (o circulares) en el capital entre filiales de grandes grupos empresariales (sección 1.2.4.4); no obstante, tal como observó el FMI en 2019, el sector manufacturero sigue estando muy concentrado, sobre todo en comparación con sus homólogos, y la intensificación de los vínculos verticales y comerciales ha acentuado la exposición de la economía a las perturbaciones internas y externas (sección 1.1).⁴⁵ Por este motivo, una de las prioridades de la política de competencia en Corea ha sido promover la competencia en determinados sectores y prevenir la transferencia de posiciones dominantes entre un sector y otro mediante el apoyo desleal a las filiales y el abuso de una posición negociadora superior en las transacciones regresivas y progresivas.

Pregunta:

¿Con relación a la visión de Corea de promover la innovación y competencia, ¿cuáles fueron los sectores prioritarios o identificados para promover la competencia?

Question 4. In relation to Korea's vision of promoting innovation and competition, what were the priority sectors or sectors identified to promote competition?

[Answer]

The KFTC prioritizes law enforcement and system improvement to create a market environment that promotes competition in new industries, new technologies, and areas closely related to people's lives such as health and safety.

Página 40 (párrafo 2.15)

2.15. La reglamentación del mercado de productos de Corea es una de las más rigurosas de la OCDE. El grado de participación del Estado en las operaciones empresariales, los obstáculos en los sectores de servicios y servicios de red y los obstáculos al comercio y la inversión es uno de los más altos de los países de la OCDE.⁸ En este contexto, Corea mantiene un compromiso de alto nivel con la reforma de la reglamentación. Sus reuniones ministeriales bianuales se centran en reducir la carga reglamentaria y crear un entorno más propicio a las actividades empresariales. La Oficina de Reforma Reglamentaria (RRO), dependiente de la Oficina del Primer Ministro, ejerce funciones de vigilancia y dirección. El Comité de Reforma Reglamentaria (RRC), copresidido por el Primer Ministro, examina todas las propuestas de reglamentación presentadas por los órganos de la administración central.

Pregunta:

¿Cuáles son las funciones de vigilancia y dirección que ejerce la Oficina de Reforma Reglamentaria (RRO)?, ¿cuáles son y en qué consisten los procedimientos que se llevan a cabo en dicha oficina?

¿En qué consiste el procedimiento que usa el Comité de Reforma Reglamentaria (RRC) para examinar las propuestas de reglamentación? De ser el caso, ¿cuáles son y en qué consisten los criterios que se usan en estas revisiones?

Question 5. What are the oversight and management functions exercised by the Regulatory Reform Office (RRO)? What are and what are the procedures carried out in said office?

[Answer]

The RRC's executive office is run by the RRO (Regulatory Reform Office) under the Office for Government Policy Coordination. Under the Prime minister's supervision, the regulatory reform office plays a mediating role among central administrative agencies related to regulatory issues and a supporting role for the RRC that acts as a central oversight body for regulatory reform.

When conflicts of interests among central administrative agencies arise in regards to regulatory direction (whether to relax or reinforce), and content (whether to focus on industrial rearing or public safety & environment), degree (whether to make the regulation more restrictive or less restrictive), the RRO takes the role of mediating and resolving the conflicts.

Question 6. What is the procedure used by the Regulatory Reform Committee (RRC) to review regulatory proposals? If so, what are and what are the criteria used in these reviews?

[Answer]

The Regulatory Reform Committee (RRC) takes on the role of assessing both the quality and legitimacy of proposal, with greater emphasis on evaluating its validity when establishing a new regulation or reinforcing existing regulations. The RRC deliberates on the quality of the impact assessment as well as its merits, which emphasizes on the necessity of government intervention, review and selection of alternatives, considering cost-benefit analysis and implementations feasibility. Reviews of Regulations for Introduction or Reinforcement are submitted to the RRC the preliminary review(online) which has mandated to determine whether the regulation is significant, followed by the RRC for a general review (meeting twice a month). If the regulation is determined to be insignificant during the preliminary review, the review will be concluded (the regulation is considered to have been reviewed by the committee). The RRC is the final decision-making and central oversight body reform in Korea. The RRC is mandated to review significant regulations by consultations not only from the executive, but also from different groups such as stakeholders, academic groups.

párrafo 3.125, pág.102

En relación al Nuevo Acuerdo Digital. ¿Este Acuerdo solo está enfocado a nivel nacional, o incluye de alguna manera negociaciones sobre acuerdos bilaterales o regionales para mejorar la innovación y la infraestructura digital?

Question 7.

In relation to the New Digital Agreement. Is this Agreement only focused on the national level, or does it include in some way negotiations on bilateral or regional agreements to improve innovation and digital infrastructure?

[Answer]

Korea has implemented the 'Digital New Deal Initiative', which includes innovation projects based on "Data, Network, and Artificial intelligence", in order to overcome the COVID-19 economic crisis and promote digital transformation in the overall economy and society. This is to strengthen Korea's digital capabilities by integrating ICT into all industries. Although there is currently no Digital New Deal-related content included in bilateral and regional agreements, it is expected that this could be reflected, when there is a demand for ICT-related international cooperation.

Página 119 (párrafo 3.173)

3.173. ...Se toman medidas sanitarias y fitosanitarias principalmente para prevenir enfermedades de origen extranjero o que son desconocidas en Corea y que están sujetas a medidas de control estrictas a nivel nacional. Las cuarentenas e inspecciones veterinarias y fitosanitarias siguen siendo competencia del Organismo de Cuarentenas Veterinarias y Fitosanitarias (QIA), dependiente del MAFRA, y de las pesquerías se ocupa el Servicio Nacional de Gestión de la Calidad de los Productos Pesqueros, dependiente del MOF.

Pregunta:

8. ¿Cómo lleva a cabo el MAFRA/QIA la atención a otros países que solicitan conocer los requisitos sanitarios o fitosanitarios para exportar más de un producto a Corea? ¿se puede atender más de una solicitud por país al mismo tiempo, de no ser el caso, existe alguna legislación que indique dicho procedimiento?

Question 8

How does MAFRA / QIA serve other countries that request to know the sanitary or phytosanitary requirements to export more than one product to Korea? Can more than one request per country be handled at the same time, if not, is there any legislation that indicates this procedure?

[Answer]

When there is a request for market access of agricultural products, Korea determines the import permit in accordance with the relevant domestic law.

If one country applies for the market access for several items, the import approval procedure is carried out in an order of priority set by the exporting country.

Página 121 (párrafo 3.182)

3.182 En 2020, la KFTC examinó 815 proyectos de ley (frente a 302 en 2018) que contenían normas nuevas o mejoradas, y determinó que 18 de ellos (frente a 15 en 2018) eran anticompetitivos. De esos 18 proyectos de ley, se revisaron 14 para eliminar o mejorar las normas nuevas o mejoradas que contenían (se aceptó el 77,8% de las opiniones formuladas)

Preguntas:

¿Las opiniones que emite la KFTC sobre proyectos normativos son vinculantes?

¿Existen plazos para acatar las recomendaciones emitidas por la KFTC u obligación de informar sobre las razones por las que no se aplican dichas recomendaciones?

Question 9. Are the opinions of the KFTC on draft regulations binding?**[Answer]**

If the government intends to establish or strengthen regulations, it must undergo a regulatory review by the Regulatory Reform Committee. The KFTC conducts a "competitive impact assessment" before the regulatory review and delivers the results to the competent ministries. The competent ministries

may revise or withdraw the regulatory proposal by reflecting the KFTC's opinion, or request a regulatory review without reflecting the KFTC's opinion. As a government member of the Regulatory Reform Committee, the KFTC can participate in the regulatory review and express opinions, and the KFTC's opinions are accepted quite convincingly during the regulatory review process. If the regulatory review finds it necessary to reflect the KFTC's opinion, the Regulatory Reform Committee may recommend the competent ministries to withdraw or improve the regulation, and the recommended ministries are obligated to comply with it unless there is a special reason. (Article 14 of the Framework Act on Administrative Regulations)

Question 10. Are there deadlines for complying with the recommendations issued by the KFTC or obligation to report on the reasons why such recommendations are not applied?

[Answer]

The competent ministries may revise the regulatory proposal by reflecting the KFTC's opinion on the competition impact assessment until they request a regulatory review from the Regulatory Reform Committee. Even if it does not reflect the KFTC's opinion, it is not obligated to report the reason. However, in the case of presenting an opinion on the competition impact assessment, it generally goes through a consultation process between the KFTC and the relevant ministries. During the consultation process, the positions of the relevant ministries, including reasons for non-reflection, will be delivered to the KFTC, and if consultation cannot go ahead, whether to reflect the KFTC's opinions will be finally decided during the regulatory review stage.

Página 124 (párrafo 3.192)

3.192 En 2019, la KFTC realizó un análisis del mercado referente a la distribución de productos agropecuarios y el sector de los medios de radiodifusión para examinar la situación actual del mercado y las instituciones pertinentes y concebir medidas que fomentaran la competencia.²⁴² El análisis del mercado oligopolístico al por mayor de productos agropecuarios revela que es necesario promover la competencia en el ámbito de la distribución de productos agropecuarios y mejorar la reglamentación para los expedidores y los consumidores. La situación actual del mercado coreano demuestra que, a diferencia de lo que ocurre en otros países, es menos probable que los servicios de transmisión libre (over-the-top, OTT) sustituyan o pongan en peligro los servicios de radiodifusión actuales. En 2020, la KFTC realizó un análisis del mercado referente a la distribución al por mayor de productos marinos y el sector de la formación profesional basado en las TIC a fin de supervisar la situación actual de esos mercados y de sus participantes y elaborar medidas para mejorar la política de promoción de la competencia.

Preguntas:

Con referencia al análisis del mercado de 2020 sobre la formación profesional basado en las TIC, ¿cuáles fueron los resultados más relevantes en ese sector?

Question 11. With reference to the 2020 market analysis on ICT-based vocational training, what were the most relevant results in this sector?

[Answer]

As a result of market analysis in the vocational education industry, it has drawn implications that the market concentration of online education services is significant, and the burden of certification evaluation and restrictions of the content format can act as barriers to entry for new businesses. These results laid the foundation for reviewing measures to improve future systems.

Página 126 (párrafo 3.196)

3.196 La manipulación de las licitaciones da lugar a rigurosas sanciones y puede ser objeto de enjuiciamiento penal. El recargo máximo por la manipulación de licitaciones es del 10%. Una división de la KFTC, la División de Investigación de la Manipulación de Licitaciones, se ocupa de la tramitación eficiente de los casos de manipulación de licitaciones de contratos públicos para que se puedan resolver en plazo los asuntos que están pendientes desde hace mucho tiempo y cuyo período de prescripción finaliza en breve. Entre 2016 y 2020, la KFTC descubrió 356 casos de manipulación de licitaciones, que representan el mayor porcentaje de los delitos, seguidos por los casos de fijación de precios (70). Los casos de manipulación de licitaciones durante este período experimentaron un aumento del 90,3% en comparación con los registrados en el período 2011-2015 (187) [...].

Preguntas:

¿Existen programas de cumplimiento o abogacía específicos que tomen en cuenta la alta incidencia de conductas anticompetitivas en procesos de licitación?

¿La ley de competencia contempla la inhabilitación de funcionarios o empresas culpables de participar en manipulación de licitaciones?

Question 12. Are there specific compliance or advocacy programs that take into account the high incidence of anti-competitive behaviour in bidding processes?

[Answer]

There is no compliance program regarding the bidding process.

Question 13. Does the competition law provide for the disqualification of officials or companies guilty of participating in bid rigging?

[Answer]

The MRFTA does not disqualify officials or companies guilty of engaging in bid rigging. However, in the case of companies guilty of bid rigging, if they meet certain requirements, a request for restriction of bidding is made to the agency placing orders.

Página 126 (párrafo 3.198)

3.198 La aplicación extraterritorial por Corea de su legislación en materia de competencia no ha variado; como indicaron las autoridades durante el examen anterior, lo que se pretende con ella es proteger la competencia, no a las empresas coreanas. La KFTC tiene potestad para ocuparse de los cárteles internacionales que exportan a Corea, especialmente partes y materiales esenciales que pueden causar un daño directo e importante en el mercado interno.²⁴⁸ Si se establece un cártel en el país, Corea aplica la legislación procedente con arreglo a las normas internacionales, cualquiera que sea el origen de los participantes. Asimismo, cualquiera que sea el ámbito en el que opere un cártel, Corea aplica la ley de forma extraterritorial si su establecimiento puede tener efectos negativos en el mercado interno [...].

Preguntas:

¿La aplicación extraterritorial de la ley de competencia coreana se limita a cárteles o incluye conductas de abuso de poder de mercado y control de concentraciones?

¿Cómo se establece el nexo local en caso de aplicación extraterritorial de la ley de competencia contra conductas unilaterales y en materia de control de concentraciones?

¿Cuáles son las normas internacionales que la KFTC invoca al momento de investigar o sancionar prácticas anticompetitivas que ocurren fuera de su jurisdicción?

Question 14. Is the extraterritorial application of Korean competition law limited to cartels or does it include conduct of abuse of market power and control of concentrations?

[Answer]

Yes, even if it is done abroad, if affecting the domestic market, it applies not only to cartels but also to acts such as abuse of dominant market positions and unfair trade practices.

Question 15. How is the local link established in the event of extraterritorial application of competition law against unilateral conduct and in matters of concentration control?

[Answer]

The Supreme Court ruled that the extraterritorial application of the MRFTA should be limited to cases where "the case affecting the domestic market" has a direct, significant, and reasonable impact on the domestic market due to the foreign conduct in question. In accordance with this, we comprehensively consider the content and intention of the act, the characteristics of goods and services, and the transaction structure to make a specific and individual judgment (Supreme Court Case No 2004-du-11275). According to this judicial precedent, as to whether it has a direct, significant and reasonable impact on the domestic markets decided by considering the content and intention of the act, the characteristics of goods and services, and the transaction structure.

Question 16. What are the international standards that the KFTC invokes when investigating or sanctioning anti-competitive practices that occur outside its jurisdiction?

[Answer]

Article 2-2 of the MRFTA stipulates the extraterritorial application, "If an act performed abroad affects the domestic market, this Act shall be applied."

Meanwhile, the Supreme Court rules the "case of affecting the domestic market" as follows, and the KFTC is also enforcing the law according to this purpose.

1) A case that affects the domestic market should be interpreted as a case that has a direct, significant, and reasonably predictable effect on the domestic market.

2) In determining whether it is applicable, the content and intention of the act in question, the characteristics of the goods (or services) subject to the act, the transaction structure, and the content and degree of the effect of the act on the domestic market must be comprehensively considered.

3) However, if the domestic market is included in the subject of an anti-competitive agreement that occurred abroad, the MRFTA has extraterritorial application, as the agreement affects the domestic market unless there are special circumstances.

Página 202 (párrafo 4.208)

4.208 La Ley de Telecomunicaciones, modificada por última vez en 2020 (Ley N° 17352), distingue dos tipos de empresas de telecomunicaciones: las empresas con instalaciones y las empresas que prestan servicios de valor añadido. La inversión extranjera en servicios de telecomunicaciones básicas está sujeta a un límite máximo del 49%, mientras que los servicios de telecomunicaciones de valor añadido están plenamente abiertos a la inversión extranjera. En el caso de los servicios de telecomunicaciones básicas, las empresas extranjeras de determinados socios en ACR que hayan superado el examen de interés público no están sujetas a esa restricción en materia de participación en el capital. El MSIT puede prohibir que un accionista extranjero se convierta en el mayor accionista individual (5% de las acciones o más) en KT.

Preguntas:

¿Cuáles fueron los principales cambios realizados a la Ley de Telecomunicaciones (Ley N° 17352), la cual fue modificada por última vez en 2020?

¿Cuáles son las principales empresas de telecomunicaciones: las empresas con instalaciones y las empresas que prestan servicios de valor añadido, identificadas en el país?

Question 17. What were the main changes made to the Telecommunications Law (Law No. 17352), which was last modified in 2020?

[Answer]

Value-added telecommunication business operators with a certain number of users and traffic volume should take necessary measures such as securing service stability means and handling user requirements to provide convenient and stable telecommunication services to users (Article 22-7 of the Act stipulated).

Those who meet certain criteria such as the number of users and the traffic volume as value-added telecommunication business operators without addresses or offices in Korea are required to designate a domestic agent in writing for handling user protection work (Article 22-8 of the Act stipulated).

The terms and conditions authorization system for service-specific fees for some key facilities-based telecommunications business operators is converted to a reporting system, but if it is recognized that there is a high risk of undermining users' interests or fair competition, the Minister of Science and ICT can reject the reporting. (Article 28 of the Act revised)

Question 18. What are the main telecommunications companies: companies with facilities and companies that provide value-added services, identified in the country?

[Answer]

Main telecommunication companies with facilities include SKT, KT, LGU+, and SKB, and main value-added telecommunication businesses include Naver and Kakao.

Facilities-based telecommunication business operators install telecommunications line equipment (transmission and line equipment, exchange equipment etc.) to provide facilities-based telecommunications services (telephones, high-speed Internet, etc.), and value-added common carriers provide value-added telecommunications service (SNS, OTT, searching services, online content, etc.). Both operators are classified according to the service provided (facilities-based

telecommunications service vs. value-added telecommunication service), and in principle, facilities-based telecommunications service providers need to register with the Minister of Science and ICT, and value-added telecommunications service providers need to report to the Minister of Science and ICT.

Página 202 (párrafo 4.209)

4.209 Está prohibida la inversión extranjera en la radiodifusión por vía terrestre o inalámbrica. Las restricciones a la participación extranjera en el capital (de hasta el 49%, el 20% o el 10%) se aplican a los servicios de radiodifusión de programas según se definen en la Ley de Radiodifusión⁸⁴, los proveedores de redes de cable, la radiodifusión por satélite y de otros tipos, las comunicaciones alámbricas, las comunicaciones inalámbricas y por satélite, y otros tipos de comunicaciones inalámbricas (cuadro 2.1)

Pregunta:

¿En qué año fue expedida la Ley de Radiodifusión, ha tenido alguna actualización y, de ser así, cuáles han sido los cambios más relevantes?

Question 19. In what year was the Broadcasting Law issued, has it been updated and, if so, what have been the most relevant changes?

[Answer]

The Korean Broadcasting Act was enacted in 1963 and came into force in 1964. Regarding the broadcasting service trade, an amendment was made in 2015 to ease foreign indirect investment in registered PPs for countries which signed FTAs with Korea. As a result of the amendment, Korea allows 100% foreign indirect investment in registered PPs (excluding PPs on multi-genre programming, home shopping, news reporting) without restriction for the FTA parties designated and announced by the Minister of Science and ICT. Except for this additional opening in 2015, there have been no significant changes related to trade policy in the broadcasting sector.

Página 203 (párrafo 4.214)

4.214 En 2019, Corea puso en marcha una estrategia global denominada 5G+ cuyo objetivo es promover un "ecosistema 5G" en el que la tecnología 5G sea la infraestructura básica que conecta los dispositivos avanzados y los servicios innovadores. La tecnología 5G permite conectar todos los objetos de una red y transmitir grandes volúmenes de datos a alta velocidad y en tiempo real (latencia ultra baja). La tecnología 5G puede multiplicar las grandes inversiones en las fases iniciales y ulteriores del proceso productivo. El Gobierno considera que la tecnología 5G será un motor del nuevo crecimiento económico del país. Corea es el país de la OCDE con el objetivo más ambicioso de velocidad de descarga: 10 gigabits por segundo (Gbps) al 50% de los hogares urbanos (85 ciudades) para 2022.

Pregunta:

¿Cuáles han sido, hasta el momento, los principales avances de la estrategia global 5G+?

Question 20. What have been, so far, the main advances of the global 5G + strategy?

[Answer]

The Korean government promoted network investment by mobile telecommunication service providers by providing tax deductions for the construction of 5G networks and implementing 5G quality evaluations, and promoted the expansion of 5G services through R&D support for convergence service and investment in projects led by the public sector. In addition, we supported the establishment of the foundation for fostering 5G industries such as building test beds, fostering manpower, and improving regulations. We plan to continuously implement five core services on top of 5G infrastructure: immersive content, smart factories, digital healthcare, smart factories, and smart cities, and foster ten core industries such as network equipment, next-generation smartphones, and edge computing.

párrafo, 4.172., de la página 195

Se comenta que: *"Una de las principales prioridades es la gestión y el almacenamiento de datos con miras a la digitalización de los servicios financieros. En diciembre de 2018, la FSC revisó el Reglamento de Supervisión de las Transacciones Financieras Electrónicas a fin de permitir que las instituciones financieras almacenen información crediticia personal e información identificativa en servidores en la nube. **La utilización por las instituciones financieras de la computación en la nube en el extranjero se limitó a la "información no confidencial", lo que excluye la información crediticia personal de sus clientes y la información identificativa" ...***

En ese sentido:

¿Las instituciones financieras de la República de Corea, únicamente pueden contratar el servicio de cómputo en la nube para almacenar información crediticia personal e información identificativa de sus clientes, cuando el prestador del servicio se encuentra en territorio nacional?

Si el proveedor de cómputo en la nube se encuentra en el extranjero, ¿la institución financiera tendrá prohibido contratar con el servicio en el extranjero si se trata de información crediticia personal e información identificativa?

¿La República de Corea cuenta con disposiciones en sus tratados comerciales internacionales más recientes que sustenten la aplicación de esta distinción para que sus instituciones financieras contraten o no servicios de cómputo en la nube nacionales o extranjeros atendiendo a la naturaleza de la información que puedan almacenar?

Question 21. Can financial institutions in the Republic of Korea only contract the cloud computing service to store personal credit information and identifying information of their clients, when the service provider is in national territory?

[Answer]

When financial companies processes customer's unique identification and personal credit information of their clients using the cloud, the CSP system must be located in Korea.

Question 22. If the cloud computing provider is located abroad, will the financial institution be prohibited from contracting with the service abroad if it involves personal credit information and identifying information?

[Answer]

If CSP system is in overseas, financial companies cannot process customer's unique identification and personal credit information of their clients using the cloud.

Question 23. Does the Republic of Korea have provisions in its most recent international trade treaties that support the application of this distinction so that its financial institutions may or may not contract national or foreign cloud computing services, taking into account the nature of the information that can they store?

[Answer]

The Financial service chapter in FTAs signed by Korea only allows transfer of information in ordinary course of business and has not included the provision regarding location of computing facilities for financial services.

NORWAY**Question number 1****4. Trade policy by sector****4.5.5.1 Maritime transport**

Para 4.233, on page 181 and 182, of the report contains information on the five-year plan in effect from 2018 to rebuild the shipping industry. Furthermore para 4.234 and 4.235 contains some information on the results of this plan so far.

In this regard, Norway would appreciate further information to what extent this plan involves financial contributions from Korean authorities to both shipping and shipbuilding companies, and more specific, if there are any form of investment grants or direct or indirect government ownership and shareholding in Korean shipping and shipbuilding companies. Please indicate the amounts involved.

[ANSWER]

The 5 year plan includes shipping finance and liquidity provisions for shipping companies. With regard to ship construction supports, there are no discrimination between domestic and foreign shipbuilders, and liquidity provisions are based on market based interest rates. Meanwhile, the Korean government does not directly invest to or share ownership of shipping companies

Question number 2

Seafood has become very important for Norwegian exports of goods to the Republic of Korea, including a significant volume of fresh-farmed fish. This is a perishable commodity that is vulnerable to any delay in the transportation chain. According to our information, products that are subject to random testing in the Republic of Korea are kept in custody until the test results are ready, which could take up to five working days. During this delay, the quality and shelf life of the products are reduced, sometimes to a level where destruction is the only option for the traders. Other countries, among them Norway and the EU countries, release products that are subject to random testing before the test results are ready and recall products if necessary.

Norway requests the Republic of Korea to describe any actions that are taken to ensure more efficient import control of fresh seafood, and particularly to explain the reasoning behind keeping perishable seafood with no indications of any irregularities in custody until the test results are ready.

[ANSWER]

The Republic of Korea prioritizes ensuring the safety of imported foods to protect the public health. Therefore, the Ministry of Food and Drug Safety (MFDS) requires divisions in charge to conduct necessary inspections on imported foods, for which an import declaration has been filed, before customs clearance procedure ends pursuant to Article 21 (1) of the Special Act on Imported Food Safety Control.

Please note that MFDS issues certificates of confirmation of an import declaration for imported products that are subject to random testing and live, fresh or refrigerated fishery products on conditions that these products will not be sold on the market until the test results are ready pursuant to Article 31 (Conditional Import Inspection) of the Enforcement Rule of the Special Act on Imported Food Safety Control.

Question number 3

Norway directs the attention of the Korean Bare Boat Charter Hire Purchase scheme, BBCHP.

The BBCHP is a long-term ship-financing scheme and available for Korean ship-owners, for ships built at Korean shipyards, for international deep-sea trade. To our understanding, Korean ship-owners are obliged to use Korean flag during construction and some short period after completion. After some time, the ship can be Bare-Boat chartered to another company on a long-term contract. The Bare Boat Charterer can choose any flag and jurisdiction for the ship, and use the services of any class society acknowledged by the chosen flag. However, for the ship owner to maintain the long term financing (the BBCHP) for the ship during the Bare Boat Charter, a mandatory annual survey of the ship must be performed by Korean Register. BBCHP vessels are subject to an obligatory annual class and statutory survey by Korean Register irrespective of whether another classification society has certified the vessel, and the obligatory annual class and statutory survey of the KR adds like an extra cost.

This rule in effect creates a competitive disadvantage for non-Korean classification societies that would like to provide their services to these vessels. Against this background Norway would like to know if this Korean regulation on supply of services for vessels under foreign flag conforms to Korean WTO GATS commitments [for services].

ANSWER:

Domestic companies prefers BBCHP due to reasons such as advantages from FoC or risk management. In this vein, Korea treats BBHCP ships identically as domestic vessels.

THE PHILIPPINES

PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT

I. ECONOMIC ENVIRONMENT

Para 1.2 (Page 17)

Despite Korea's solid fundamentals, supported by robust policy frameworks and a resilient financial system, downside risks to the economic outlook remain relatively unchanged and subject to COVID-19 pandemic developments.⁸ Domestic/endogenous risks to the economy may stem from, inter alia, Korea's high reliance on manufacturing export-led growth, the rapidly ageing population, reduction in household incomes, downward pressures on demand and inflation, excessive reliance on monetary easing, and hindered employment creation.⁹ Specialization in a few key industries (e.g. electrical and electronic equipment industry, cars, petrochemicals, and other heavy industrial products) dependent on a few large firms increasingly exposes the economy to domestic and external shocks, as they are highly interconnected with other domestic industries via upstream/downstream linkages and with foreign markets via export/import linkages, thus making Korea vulnerable to lasting disruptions in global value chains (GVCs). A permanent slump in world trade, rising protectionism, retreat from multilateralism, geopolitical tensions, and/or weaker-than-expected global growth could adversely impact exports, further dampen investment, and push up unemployment.¹⁰ According to the IMF, as at 2019, future prosperity depended on policies aimed at promoting balanced, private sector-led growth; fostering inclusion; enhancing productivity; promoting fair competition between large corporations and smaller firms; fostering innovation especially in SMEs; and reducing the regulatory burden on firms, especially in the services sector.¹¹ Furthermore, outlook uncertainty reflecting external and domestic COVID-related risks remains elevated; reportedly, in addition, a strong currency and political factors could pose downside risks for growth.¹² According to the IMF, as at 2021, building on the successful response to the COVID-19 shock (Box 1.1), the priorities for the period ahead would be to nurture the ongoing recovery with additional fiscal and monetary policy accommodation, and solidify the foundations for resilient, greener, and more inclusive medium-term growth.

Question:

1. Considering the status of Korea's export and import success for the last years, how does the country maintain or minimize the effect of the pandemic to maintain its trade surplus, especially in dealing with other economies greatly affected by COVID-19? What were the specific challenges faced by the Korean government on cross-border movement and global economic slowdown, and what measures were undertaken to lessen the impact it created?

ANSWER:

The reason that Korea's export and trade balance-related performance was able to occur despite COVID-19 is due to the composition of Korea's export portfolio.

As the non-face-to-face, digital economy is revitalized due to the spread of Corona 19, the demand for semiconductors worldwide has surged. As a memory semiconductor powerhouse, Korea effectively responded to this global demand and achieved export performance thanks to an increase in market share for system semiconductors, which are high value-added semiconductors.

In addition, the main reason for Korea's trade performance last year was that it effectively responded to global quarantine demands such as masks and diagnostic kits by utilizing well-equipped manufacturing facilities.

As COVID-19 spreads around the world, many exporting companies in Korea also suffered difficulties due to labor movement and global logistics difficulties. In order to overcome this problem, the Korean government has actively supported the immigration of business people based on the cooperative relationship between countries.

II. TRADE AND INVESTMENT REGIMES

Para 2.2 (Page 37)

2.2. Korea continued to participate actively in the WTO. In 2019, it committed to not seek special and differential treatment for developing countries in ongoing and future negotiations at the WTO. During the review period, it was involved in seven WTO disputes and made a number of notifications. It continued to pursue market opening opportunities through regional trade agreements (RTAs). Agriculture remains partially covered, and rice excluded, from all RTAs.

Question:

2. Agriculture remains partially covered, and rice excluded, from all RTAs. May we kindly ask for further elaboration on the partial coverage of agriculture in ROK's RTAs? Which agricultural products have been liberalized in its recent RTAs?

ANSWER:

For some sensitive items, Korea is protecting them through exemption from tariff concession, maintaining current tariff rates, seasonal tariff and long-term tariff elimination period in RTAs. Korea has recently signed the FTA with the UK in August 2019, and liberalized agricultural products and other related information are posted on the website below:

(Korean) www.fta.go.kr

(English) www.gov.uk/government

Para 2.21 (Page 39)

The Foreign Trade Act and the Customs Act remain the main legislation on international trade. The latter was most recently amended in 2020. Its implementing regulations were recently amended as well:

- the Enforcement Decree of the Customs Act (Presidential Decree No. 31454), partially amended on 17 February 2021;
- the Enforcement Regulations of the Customs Act (Ministerial Ordinance No. 842), partially amended on 16 March 2021; and
- the Regulations on Providing Preferential Tariff Treatment to Least Developed Countries (Presidential Decree No. 31380), partially amended on 5 January 2021.

Questions:

3. Please explain in detail all the amendments made vis-a-vis the previous version.

ANSWER:

The implementing regulations amended in accordance with the revision of the Customs Act are as follows.

A. The Amendments to the Enforcement Decree of the Customs Act (Presidential Decree No. 31454): requirements for consignment carriers, specific reasons for keeping in custody carry-on items, and detailed standards for imposing fines; and extension of the deadline for submitting a letter of recommendation to be subject to the autonomous tariff quotas.

B. The Amendments to the Enforcement Regulations of the Customs Act (Ministerial Ordinance No. 842): matters concerning the reduction or exemption of license fees at bonded stores.

What was amended partially in the Regulations on Providing Preferential Tariff Treatment to Least Developed Countries (Presidential Decree No. 31380) was simple word-correction of a difficult word in Article 5 without any change of meaning.

4. How will this affect existing international trade agreements?

ANSWER:

No existing international trade agreements would be affected by these revised regulations.

Para 2.43 (Page 43)

Korea actively pursues RTAs with its key trading partners. At the regional level, it signed the Regional Comprehensive Economic Partnership (RCEP) Agreement in November 2020, which is not yet ratified. In 2018, it signed an RTA with five Central American countries: Costa Rica, El Salvador, Honduras, Nicaragua, and Panama. At the bilateral level, the RTA between Korea and the United Kingdom was signed in August 2019 and entered into force on 1 January 2021. Korea also concluded negotiations for an RTA with Israel in August 2019, which has not been signed. The RTA between Korea and Indonesia was signed on 18 December 2020, but has not been ratified. The RTA with the United States was amended in 2018. In 2018 and 2019, Korea notified the WTO of proposed suspension of concessions and other obligations on some imports from the United States and the European Union in response to safeguard measures taken by these Members on certain export items (Section 3.1.6.2).

Question:

5. When is RCEP expected to be ratified and effective in South Korea?

ANSWER:

Korea has just submitted its request for ratification to the National Assembly and is expected to complete within this year.

Para 2.44 (Page 43)

The authorities confirmed that in all of Korea's RTAs, agriculture remains partly covered, and rice excluded.

Questions:

6. Please explain in detail what is meant by "agriculture remains partly covered" and what agricultural products are included.

ANSWER:

"Agriculture remains partially covered" means Korea did not exempt all items related to agriculture from RTAs, but put different conditions, such as exemption from tariff concession for major items, maintaining current tariff, seasonal tariff, and long-term tariff elimination period.

The list of agricultural products covered by each type of concession in all FTAs signed by Korea is posted on the websites below:

(Korean) www.fta.go.kr

(English) english.motie.go.kr

7. What is the reason for excluding rice?

ANSWER:

Considering in overall the importance of rice in agriculture and rural economy of Korea and the concerns of the industry, Korea has excluded rice from tariff concession of FTAs.

Para 2.47 (Page 44)

Korea already has RTAs in force with all RCEP parties except Japan. In most of these existing RTAs, Korea liberalizes more than under the RCEP Agreement. The authorities indicate that Korean economic efficiency is expected to increase, as well as bilateral investment, as a consequence of market liberalization to Japan under the RCEP Agreement.

Question:

8. What measures are currently being taken by Korea that are more liberal than the RCEP provisions?

ANSWER:

The liberalization level of goods and services is rather low compared to Korea's existing FTAs. This is due to the fact that the level of economic development among RCEP signatories varies from LCDs like Cambodia and Laos to the advanced countries such as Australia and Japan. Therefore, some of the provisions are more liberal than RCEP texts, for example, the investment related rules.

III. TRADE POLICIES AND PRACTICES BY MEASUREPara 3.4 (Page 68)

Measures involving grants, tax concessions, and low-interest loans continued to support production and trade of various agricultural, forestry, fishing, coal mining, renewable energy, Fourth Industrial Revolution, and manufactured products, and to encourage SMEs, innovation, research and development (R&D), environmental protection, and FDI activities. Regulatory and other initiatives to, inter alia, improve food and drug safety, as well as to align domestic standards to international standards, were undertaken. Control over imported safety food hazards was reinforced; the shift to a "positive list" system (PLS) to all pesticides in agricultural products except for those with domestically set maximum residue levels (MRLs) was completed. State involvement in the economy persists. Changes were made to the main legislation of government procurement, which is still seemingly used as a policy tool. Several legislative amendments were undertaken in competition policy. A prohibition on new cross-shareholding between subsidiaries under large business groups remained in place, while large corporations and SMEs continued to be encouraged to voluntarily sign agreements on fair trade and shared growth. Price controls remain in place in specific areas. Consumer protection transparency and enforcement were reinforced. Korea's intellectual property rights (IPRs) regime continued to evolve rapidly, and legislation was strengthened; action was taken in response to COVID-19 challenges in this area.

Questions:

9. With the introduction of the Digital New Deal, how does Korea intend to pursue digital trade in its FTAs, including the proposed review of the ASEAN-Korea FTA?

Para 3.49 (Page 68)

3.49. Korea's efforts to expand its bilateral and regional free trade agreements during the review period meant that its simple average tariff rate on imports from RTAs/FTAs (e.g. 2.5% for imports from the United States, 6.1% from Colombia, 2.9% from the European Union, 5.4% from ASEAN, and 5% from Viet Nam), the APTA (13.3%), and LDC trading partners (7.8%) remained considerably below the 13.9% MFN average tariff rate (Table 3.2). However, it remains unchanged for imports from countries receiving preferences under the Global System of Trade Preferences Among Developing Countries (GSTP) and the GATT Protocol Relating to Trade Negotiations Among Developing Countries (TNDC) (Section 2.5.2 and Table 3.2). Since its last Review, Korea has kept virtually unchanged the number of items eligible for unilateral (non-reciprocal) duty-free and quota-free tariff preferences to LDCs (Section 2.5.3 and Table 3.2). The Minister of Economy and Finance may withdraw or modify unilateral trade preferences if considered inappropriate, taking into account the country's income level, volume of imports, and international competitiveness of the product and country concerned. The KCS maintains a webpage containing all preferential import tariffs. RTAs signed with the European Union (in force since January 2011) and the United States (renegotiated agreement in force since January 2019) have led to a substantial elimination of tariffs; however, the Government continues to use "adjustment tariffs" according to a schedule published at the start of each year to manage imports of specific items, largely to prevent dumping and protect domestic producers.

Question:

10. How did Korea take into consideration the different levels of development of its trade partners in negotiating the concessions agreed upon and the nature and/or extent of cooperation in mutual areas of interest? Which areas of cooperation identified in trade agreements have been prioritized since entry into force, and will most likely be prioritized going forward, especially in view of the COVID-19 pandemic?

[ANSWER]

The Government takes into account the level of development of a country in FTA negotiations as one of the factors for reviewing the level and content of market access and the areas and content of cooperation. As for reviewing the key areas of cooperation under a FTA, the Government takes into consideration various factors, including areas of interest of the Parties, in a comprehensive manner.

ANSWER:

Korea recognizes the importance of electronic commerce in the digital economy era and is expanding the establishment of digital trade rules with like-minded countries. We are currently negotiating a Digital Partnership Agreement with Singapore and are in the process of joining the Digital Economy Partnership Agreement (DEPA) with Singapore, New Zealand and Chile. Korea and Chile are also negotiating a digital economy chapter under the improvement negotiations for the current Korea-Chile FTA. In addition, the RCEP which is an agreement with ASEAN countries includes an e-commerce chapter.

Regardless of the type or legal structure of the digital agreement, Korea is interested in establishing digital partnerships that achieve a high level of liberalization from the perspective of trade rules and emphasize cooperation in the digital field.

11. How does Korea determine if there is a need for adjustment tariffs? Are there threshold levels considered? If yes, how are these threshold levels determined?

ANSWER:

The adjustment duties may be assessed, inter alia, in following cases;

- Where necessary to adjust widely unbalanced tariff rates among goods resulting from changes, etc. in the industrial structure;
- Where necessary to protect public morality and the life and health of humans, animals and plants, preserve the environment, conserve limited natural resources, and to assure international peace, security, etc.;
- Where there exist risks for the domestic market or the domestic industrial foundation to be undermined by an increase in the import of goods including agricultural, forest and livestock products,

whose international competitiveness is weak, hence making it necessary to correct or prevent them from such risks.

And threshold level for adjustment duties is determined in accordance with overall consideration factors such as, trend of relevant industry, price gap between domestic and imported goods or volume of import.

12. What are the specific items where "adjustment tariffs" are applicable?

ANSWER:

Currently, the adjustment duties are applied for 14 items, e.g., fish(live eels and frozen Alaska Pollock etc.), agricultural products(steamed rice, Chinese vermicelli and oak mushroom etc.) and plywood.

13. Are the new subsidy schemes applicable for all enterprises regardless of size? Are the beneficiaries required or encouraged to export as a condition to receive the incentives/support program?

[ANSWER]

As a member of WTO, Korea runs and notifies its subsidy programmes dutifully complying with the WTO rule; Agreement of Subsidy and Countervailing Measures. The beneficiaries are not required nor encouraged to export as a condition to receive the incentives. For greater certainty, Korea's subsidies schemes have been notified to the WTO including information of size, beneficiaries, and duration, etc.

Question:

14. Are all ongoing activity- and sector-specific subsidy programmes of Korea notified to the WTO? Has Korea implemented any other domestic arrangements for priority sectors/ industries which serve the same function as subsidy or incentive programmes? If so, what arrangements are these?

[ANSWER]

As a member of WTO, Korea runs and notifies its subsidy programmes dutifully complying with the WTO rule. Especially, in 2021, Korea submitted its notification of subsidy programmes without any delay. Korea will continue its efforts to comply with WTO rules to promote transparent trade environment.

Para 3.124-3.126 (Page 90-91)

3.125. A July 2020 Korean New Deal initiative (Sections 1.2.1 and 1.2.4) to invest KRW 160 trillion (USD 133 billion) over 2020-25 based on two main policies, the Digital New Deal (KRW 58.2 trillion) and the Green New Deal (KRW 73.4 trillion), aimed to bolster job creation and enhance the competitiveness of the domestic manufacturing sector by increasing public investment in digital and green energy infrastructure. It aims to also to strengthen the employment and social safety net (KRW 28.4 trillion) by, inter alia, expanding unemployment insurance coverage to all forms of employment. Local governments and the private sector would contribute KRW 25.2 trillion and KRW 20.7 trillion, respectively, while the central Government would cover the remaining amount. The initiative includes projects for expanding the integration of 5G and AI into industries, promoting remote working in SMEs, promoting prospective businesses to lead the green industry, establishing low-carbon and green industrial complexes, promoting renewable energy use and supporting a fair transition, and expanding the supply of electric and hydrogen vehicles. Under the Digital New Deal initiative, several support measures, including vouchers, funds, grants, and guarantees, for four sectors (strengthening the DNA ecosystem, digitalizing educational infrastructure, nurturing the contactless industry, and digitalizing social overhead capital) are envisaged.

3.126. During the review period, sector-specific support measures benefitted the shipbuilding, automotive, and Fourth Industrial Revolution industries (above and Sections 3.3.1.2.2.2, 4.3.2, 4.4, and 4.5.4.1).

Question:

15. Until when is Korea targeting to have the sector-specific support measures for COVID-19 in place? On the sectors listed in Para 3.126 that have benefitted from the support measures, can Korea specify the extent to which they have benefitted from these measures, such as increase in exports, employment, share to total GDP, etc.? Further, are there any other sectors aside from those listed above that are expected

to benefit in the near future from the same support measures? If so, what are these sectors?

[ANSWER]

In the shipbuilding industry, there is no direct support policy from the government related to the COVID-19.

But R&D projects are in progress to develop technologies for autonomous ships and eco-friendly ships related to the Digital New Deal and Green New Deal policies.

The Korean government temporarily helped the automotive industry, which has deteriorated financial soundness due to weak demand caused by Corona, and through this, we understood that these measures have contributed to companies overcoming the liquidity crisis.

Para 3.132 (Page 93)

3.132. Under the Act on Trade Adjustment Assistance (TAA), since April 2007, Korean manufacturers adversely affected by a bilateral FTA have been able to seek compensation from MOTIE and the MOEL (Ministry of Employment and Labour) through loans, investments, and job-placement support for workers. Measures to facilitate industry adjustment are adopted if sales or production are reduced by more than 10% (since 2012; reduced from 25% to 20% in 2011) or, considering the operating income, number of employees, operation rate, and inventory of the enterprise, the damage is deemed to amount to more than 10% over an extended period because of import competition.

Questions:

16. How does this domestic arrangement of Korea factor into an FTA and/or its negotiations? Is this arrangement limited to bilateral FTAs of Korea only, or do they also apply to multilateral and/or regional agreements, such as WTO and RCEP? Further, are there any other arrangements with similar objectives of assisting or supporting manufacturers affected by trade agreements – whether bilateral, regional, or multilateral?

ANSWER:

TAA is the measure to assist manufacturing companies damaged by the increase in imports resulting from the FTA. TAA applies not only to bilateral FTAs but also multilateral FTAs such as the Korean-ASEAN FTA. Once RCEP goes into effect, RCEP would be included in the application of TAA.

17. What specific instance led to the creation or establishment of the TAA Act in 2007? Since its enactment, what are the trends/patterns in its utilization by Korean manufacturers? How long does Korea intend to continue this support mechanism?

ANSWER:

When the Korean government signed the Korea-US FTA in 2007, the Korean government enacted the TAA to assist domestic manufacturers that were damaged by the FTA. Since the enactment, about 10-50 companies have been receiving assistance every year. The operating period of the TAA is not fixed.

Para 3.234 (Page 125)

Under the 2011 Framework Act on Intellectual Property (IPFA), a Presidential Council on Intellectual Property (PCIP) to review and adjust the key IP policies, as well as to evaluate and monitor the progress of IP, remains in place. Its December 2016 Second National Intellectual Property Master Plan (2017-21) set forth the policy direction and strategic goals under the vision of "securing IP national competitiveness to lead the 4th Industrial Revolution". Its implementation is to provide advancement of the IP system and economic ripple effects, such as generation of KRW 7,725.1 billion, added value of KRW 3,601.7 billion, and employment of 79,076. In 2019, the Plan's six key directions were: (i) creation of IP-based jobs; (ii) strong IP for preparation of the Fourth Industrial Revolution and creation of new industries; (iii) enhancement of IP capabilities and establishment of a process order for growth of start-up companies and SMEs; (iv) creation of a foundation for a copyright ecosystem corresponding to the digital environment; (v) reinforcement of global IP capabilities; and (vi) spread of a culture of respect for IP. The direction of Korea key policies changed to IP creation focused on quality rather than quantity; expansion of IP transactions, IP finance, and IP service areas centred on the private sector; and strengthened protection of IP. For 2021, the five major areas of strategy are: (i) converting IP into assets based on market analysis; (ii) strengthening SME start-up growth, and protection; (iii) supporting domestic IP to enter the global market; (iv) creating an ecosystem of fairness and coexistence corresponding to the digital environment; and (v) establishing an IP field centred around people and culture. Furthermore,

between 2016 and 2020, the total amount of IP-backed financing transactions rose by 257% to KRW 2.64 trillion (USD 18.35 billion).

Questions:

18. The total amount of IP-backed financing transactions rose by 257% from 2016 to 2020. What are the specific activities/projects/initiatives implemented by the government that contributed to this growth?

ANSWER:

The government supports IP valuation and financial institutions will give loans or investment based on valuation results.

Reflecting the performance of IP finance in the government's evaluation of financial institutions, financial institutions have actively launched IP financial products

19. What are the types of intellectual property that get financial support and what is the share of each?

ANSWER:

Only small and medium-sized companies with patents can receive loans or investments from financial institutions based on patent valuation.

Para 3.247 (Page 128)

During the review period, KIPO implemented policies aimed at encouraging the use of patent data in the R&D process. Between 2019 and 2020, it expanded drastically the implementation of KIPO's IP R&D plan, aiming to improve the efficiency of R&D projects and secure core technologies. This plan consists of expanding IP-R&D programs in public R&D projects, supporting IP R&D customized to each stage of growth of business, and strengthening the foundation for IP R&D proliferation in industry, academia, and research. Furthermore, in 2019 KIPO restructured its patent examination management structure in five of its bureaus. To improve patent examination capabilities, it established a new Convergence Technology Examination Bureau dedicated to the examination of technologies related to the Fourth Industrial Revolution, big data, and bio-health.

20. What is protected as patents in the context of big data?

ANSWER:

Patents shall be available for any inventions, whether products or processes, in all fields of technology such as collecting, analyzing, utilizing or the like big data, provided that they are new, involve an inventive step and are capable of industrial application.

Para 3.280 (Page 134)

Most IPR prosecutions, with the exception of trademarks, require a complaint from the right holder. KIPO can initiate investigations of unfair competition, such as the manufacture, sale, and import or export of counterfeit goods (Unfair Competition Prevention and Trade Secrets Protection Act). KIPO reinforced investigations into counterfeit goods that greatly impact people's lives, such as large-scale illegal manufacturing and the distribution of counterfeits related to health and safety, thereby eradicating their distribution channels. As a result of the 2018 amendment to the Persons Executing the Duties of Judicial Police Officers and the Scope of their Duties Act (Judicial Police Duty Act), the scope of duties for KIPO special judicial police management has been expanded, as of March 2019, to include infringements of patent right, trade secrets, and design rights, as well as product form imitation under unfair competition activities, from previously limited scope covering trademarks and the confusion of the product subject under unfair competition activities. Since 2006, KIPO has implemented a reward system to encourage the reporting of counterfeit goods and their distribution. By 2020, there had been 1,644 reported cases (1,294 by 2015) with a total of KRW 24.1 billion (KRW 1.9 billion by 2015) awarded; the seized counterfeit goods were valued at KRW 4 trillion when matched to the retail prices of the genuine articles. Between 2016 and 2020, the number of arrests increased by 76% and the number of confiscated goods rose by 23%. Between 2016 and 2020, the Special Judicial Police arrested 2,445 individuals producing and/or selling counterfeit goods (including clothes, shoes, health foods, and cosmetics), and a total of 8.8 million counterfeit items were seized. Through the Online Counterfeit Products Monitoring System, action continued to be taken to suspend sales by illegal sites, or close down the sites entirely, and online sellers of counterfeit goods were arrested.

Questions:

21. How are entities reporting counterfeit goods and their distribution being rewarded? Is the reward system sustainable?

ANSWER:

When a person files a report to the Korean Intellectual Property Office regarding someone who manufactures or sells counterfeit products, a reward will be paid to the informant if enforcement is carried out and the case is sent to the prosecutor's office. Payment is financed by the national budget, so the reward system can continue as long as the budget is secured.

22. How does the Online Counterfeit Products Monitoring System work?

ANSWER:

The online monitoring system is operated under the Korea Intellectual Property Protection Agency by securing evidence of the sale of counterfeit products on the online shopping site and then requesting the site to stop the sale and delete the post.

Para 3.281 (Page 135)

In October 2020, KIPO announced Measures to Prevent Online Counterfeits to more effectively combat the rapidly increasing online distribution of counterfeit products due to the COVID-19 pandemic while minimizing damage to consumers; the number of reports concerning online counterfeits increased by 150% year-on-year (2019-2020) following the increase in online shopping. Offline enforcement personnel are temporarily handling online monitoring, whereas the Special Judicial Police are directly investigating mass distributors and frequent sellers of counterfeit products, reinforcing investigative manpower, and promoting the advancement of investigation techniques, such as digital forensics. A damages compensation system, under which online open market platforms compensate for damage resulting from the purchase of counterfeit products first and then claim indemnity from the individual seller, has been established.

Question:

23. How effective is the damages compensation system? Is the system applicable to all types of platforms regardless of size? Are social media platforms (e.g. Facebook and Instagram) also covered by this system?

ANSWER:

This damages compensation system is independently run by a few of the online open market platforms, and therefore, the Korean government has no response.

IV. TRADE POLICIES BY SECTOR

Para 4.45 (Page 146)

4.45. Farmers also benefit from zero or low irrigation water fees; according to the authorities, this is because the irrigation facilities were built by farmers at their own expense. Irrigation water is either provided by the Korea Rural Community Corporation (KRC), a public company, or by local governments. The KRC provides irrigation water free of charge, and local governments' prices do not cover operation and maintenance fees. This arrangement reduces the farmers' motivation to conserve water, adopt water-saving technologies, and diversify away from paddy rice production. The authorities disagree, and state that the facilities were built in the 1970s by the Farmland Improvement Corporation, formed by farmers. The facilities were transferred to the KRC in 2000, and it covers the operation cost with its profits. The authorities also indicate that, as part of the efforts to achieve the Net Zero carbon emissions target by 2050, Korea announced that it is adopting various water saving technologies.

Question:

24. What other implementation mechanisms and strategies are in place to achieve the Net Zero carbon emissions target by 2050? Additionally, aside from initiatives to reduce emissions, is Korea planning to also establish plants that will take emissions out of the air?

ANSWER:

Korea, like many other countries, actively plans to employ GHG reduction technologies such as renewable energies including solar and wind power generation and hydrogen production and utilization, electrification, efficiency improvement, fuel switch, CCUS(CO2 Capture, Utilization and Storage), etc. Korea also recognizes the importance of Direct Air Capture, a carbon negative

option, for the Net Zero Emission in 2050. Although Korea doesn't have an immediate action plan for the DAC plant construction, however, Korea currently pays much attention to the development of DAC technology (which may also play a pivotal role in conjunction with the e-fuel synthesis).

Para 4.74 (Page 154)

4.74. The mining and quarrying industries account for a tiny share of GDP in Korea (0.1%), while its share in total employment is negligible (Table 1.2). In particular, coal has been an important source for electricity generation, while the Government has been implementing policies to gradually phase out coal from the energy mix (Section 4.3.2). Almost all coal used in Korea is imported, duty free. Coal price is controlled or monitored under the Coal Business Law (Section 3.3.4.2).

Question:

25. The mining and quarrying sector accounts for minimal to negligible share to Korea's total GDP and employment. Given this, does Korea have any programs or initiatives to further promote the sector, or will it continue to rely on the importation of raw materials and semi-finished to finished products?

ANSWER:

As the consumption of briquettes, the main consumer of Korean coal, is gradually decreasing, the proportion of domestic coal in the total coal demand is also expected to decrease gradually.

Para 4.80 (Page 155)

4.80. Since the previous Review, there has not been any significant change to the institutional framework regulating the energy sector. The Ministry of Trade, Industry and Energy (MOTIE) is in charge of energy policy development and implementation. Energy-related environmental policy is overseen by the Ministry of Environment. The Korea Electricity Regulatory Commission (KOREC) is the electricity supply regulator. A number of state-owned enterprises (SOEs) also play an active role in the sector, including the Korea National Oil Corporation (KNOC), the Korea Gas Corporation (KOGAS), and the Korea Electric Power Corporation (KEPCO).

Question:

26. Are there plans to liberalize state-owned enterprises in the energy sector? What would be the expected impact of such reforms to Korea's economy?

ANSWER:

Competition is enhanced as the public share in the power generation sector falls in the mid- to long-term and the ratio of renewable energy increases thanks to the expansion of renewable energy in the pursuit of Korea's Renewable Energy 3020 policy.

Competition has already been introduced in the power generation sector, especially in the case of LNG power generation projects and thanks to transition from coal to gas power, competition between KEPCO subsidiary and private companies in Gas power generation is enhanced

Para 4.81 (Page 155)

4.81. The energy sector is regulated under the Basic Energy Law enacted in 2008, and the Energy Master Plans (EMPs) that are prepared every five years. The 3rd EMP, covering the period 2019-40, sets out five initiatives to support its vision of securing sustainable growth and improving the quality of people's lives through energy transition[.]

Question:

27. Noting the 4% RE share in 2019, how is Korea promoting RE to increase its growth and what policies are in place to achieve its goal of 30-35% RE share in 2040? Are the existing policies being implemented effectively? Further, what is the uptake of consumers to RE vis-à-vis other sources of energy, especially in terms of price and reliability?

ANSWER:

Energy production costs of renewable energy are decreasing internationally and domestically, and the deployment of renewable energy private facilities is also continuously increasing. Also, the government is continuously reinforcing systematic policies to improve the stability of renewable energy.

Para 4.82 (Page 156)

4.82. To reach these targets, the Government has been making efforts to both improve energy supply and regulate energy demand. On the supply side, the Government committed to gradually reduce nuclear power in electricity generation, and to eventually halt power production from nuclear by 2083 at the latest. The Government also committed to close old coal-fired plants that have been operating for over 30 years. In addition, in 2018 the Government granted local governments the authority to limit the output of coal-fired plants if air pollution and fine dust exceed the legal limits set by the Government.

Question:

28. Given the initiatives to gradually reduce nuclear power and coal-fired power plants, what would be the scenario of Korea's energy supply mix in the medium- and long- term? Further, are there any technologies that are being proposed to replace coal and nuclear power? If so, what are these technologies?

[ANSWER]

Korea plans to significantly increase the proportion of renewable energy in its energy mix in the medium- and long- term. The Korean government has set a goal to increase the proportion of renewable energy to 20% by 2030 through "Renewable Energy 3020 Plan" in 2017 and plans to further raise the target with the establishment of its new 2030 NDC target and 2050 Net Zero Scenario within this year. In addition, Korea plans to actively develop and commercialize technologies including hydrogen, ammonia and CCUS for successful energy transition.

Para 4.85 (Page 156)

4.85. Further, the Rational Energy Utilization Act, which sets the legal ground for all energy efficiency policies and legal obligations, requires major energy consumers to report their energy demand management plans to the Korean Energy Agency (KEA). KEA aimed to increase energy efficiency by granting financial and technical support to businesses investing in energy-saving technologies. Large energy consumers were required to conduct energy audits every five years, while up to 30% of the audit costs for SMEs (under 10 Ktoe/year) were subsidized. Industries investing in combined heat and power (CHP) plants for their own heat supply were entitled to tax reductions.

Question:

29. Aside from policies and legal obligations, are there incentives specific to promote energy efficiency and demand side management for both private and government sectors?

[ANSWER]

There are also direct and indirect incentives according to the high-efficiency certification system; mitigation of floor area ratio for building certified as zero-energy, preferential purchasing system in the government procurement market for energy material certified as high-efficiency. Easing the regulation is also incentive for enterprises to invest actively in energy efficiency; elongating energy audit cycle for installing EMS and resulting energy saving.

Para 4.153 (Page 166)

4.153. Services exports rose from USD 94.8 billion in 2016 to USD 103.8 billion in 2019, and then fell to USD 90.1 billion in 2020 (Table 1.4). The main destinations of services exports are China, the United States, the European Union, and Japan.⁵⁸ Imports of services rose from USD 112.1 billion in 2016 to USD 130.7 billion in 2019, before declining to USD 106.3 billion in 2020. Transportation, other business services, and travel are the main traded services.

Questions:

30. Services exports rose from USD 94.8 billion in 2016 to USD 103.8 billion in 2019, and then fell to USD 90.1 billion in 2020 (Table 1.4). The main destinations of services exports are China, the United States, the European Union, and Japan. Imports of services rose from USD 112.1 billion in 2016 to USD 130.7 billion in 2019, before declining to USD 106.3 billion in 2020. Transportation, other business services, and travel are the main traded services. May we kindly seek further clarification on specific sectors and respective factors that may have attributed to the decline in services exports and imports? It may be worthy to make mention of key sectors affected given the COVID-19 pandemic.

ANSWER:

In the wake of the COVID-19 pandemic, imports and exports from contactless service industries including telecommunication, computer and information increased, whereas imports and exports from some sectors such as travel, transportation and construction reduced. As to more detailed sectoral information, please refer to paragraph 1.27 in the Secretariat Report.

Para 4.165 (Page 169)**Financial Services**

Foreign investment is allowed in financial institutions, except for specialized banks. During the review period, more foreign financial companies left than entered the Korean market; according to an Economist Intelligence Unit (EIU) report, they could not compete with bigger local rivals and could not find a growth niche in a maturing market.⁷¹ The number of foreign bank branches dropped from 39 in 2015 to 36 in 2020. In 2021, foreign financial institutions accounted for about 10.6% of financial sector assets (11% in 2015). The two foreign bank subsidiaries and 36 branches from 16 countries make up about 11.6% of the banking sector (14% in 2015). In the insurance sector, 12 foreign insurance companies' subsidiaries from 5 countries make up 9.8% of the domestic insurance sector. In the securities sector, 23 foreign companies from 11 countries make up about 5.7% of the securities sector's assets. Foreign or local non-bank financial companies' ownership in any commercial bank is restricted to 4% (15% for regional banks). This limit may be increased to 10% for special cases, if approved by the FSC.

Questions:

31. The report states that "Foreign investment is allowed in financial institutions, except for specialized banks." Could Korea elaborate on what these specialized banks are?

ANSWER:

According to the Export-Import Bank of Korea Act, institutions that can make equity investment in KEXIM are limited to the government, the Bank of Korea, Korea Development Bank, MDBs and soon. And basically, except for MDBs, foreign equity investment is not allowed.

The Korea Development Bank (the "KDB") operates to supply and manage funds necessary for the development and promotion of industries, expansion of social infrastructure, development of regions, stabilization of financial markets and facilitation of sustainable growth, etc. The Korean government holds one hundred percent (100%) of shares of the KDB in order to support KDB's operation as a specialized bank.

32. The report also states that "Foreign and local non-bank financial companies' ownership in any commercial bank is restricted to 4% (15% for regional banks). This limit may be increased to 10% for special cases, if approved by the FSC." Could Korea provide examples of these special cases where the FSC approved the increase.

ANSWER:

On condition that he/she will not exercise his/her voting rights in the stocks, after satisfying the requirements prescribed by Presidential Decree including financial soundness(Art16_2 of the banking act)

Requirements for approval of stock holding that non-financial investors do not exercise their voting rights

1. to meet the standards set by the Financial Services Commission as standards for financial soundness applied to the relevant institution;
2. The debt-to-equity ratio shall be 200/100 or less and meet the criteria set by the Financial Services Commission;
3. If the corporation is a company belonging to an enterprise group under the Monopoly Regulation Act, the debt ratio of the enterprise group shall be 200/100 or less, which satisfies the standards set by the Financial Services Commission;
4. The funds for stock acquisition shall be funds within the total capital of the relevant corporation, not borrowing funds, such as funds raised by the relevant corporation through capital increase or the disposal of assets held within the last one year;

Para 4.5.3.2.2 (Page 175)**4.200 Insurance (Regulatory Framework)**

There are no foreign equity restrictions. Insurance companies, both domestic and foreign, must maintain funds of at least KRW 30 billion to do business in Korea. This requirement changed to KRW 3 billion for insurance branches. If insurers seek to handle certain insurance products, but not all, they need to maintain funds of at least KRW 5 billion, pursuant to presidential decrees.

Questions:

33. On the entry of foreign insurance players in Korea, does Korea have any limitation in foreign digital insurance providers from entering the market at offering insurance services to foreign nationals? Or does the company only need to fulfill the capital requirement of KRW 30 billion to do business in Korea?

ANSWER:

Where a foreign insurer intends to run the insurance business in the Republic of Korea, 3 billion of its operating funds shall be deemed the capital.

A foreign insurer which intends to obtain a license for insurance business shall meet the following requirements:

1. Holding the 3 billion of operating funds
2. Running the same insurance business as it intends to run in the Republic of Korea pursuant to statutes and regulations of any foreign country;
3. Its asset status, financial soundness and business soundness are to be sufficient to run the insurance business in the Republic of Korea and internationally recognized

34. What is the current legal regime on cross-border supply of insurance and pre-need policies/products to Korea?

ANSWER:

An Insurance company which operates an insurance business in Korea should have commercial presence other than life insurance contract, insurance contract on export cargo, insurance contract on import cargo, aviation insurance contract, travel insurance contract, hull insurance contract, long-term accident insurance contract or reinsurance contract with a foreign insurance company.

Para 4.283 (Page 188)

4.283. The authorities state that under the impact of COVID-19, digital transformation has accelerated in the tourism sector, and the Government has enhanced R&D, data management, and workforce training with a view to facilitating tourism companies to convert or expand their businesses by utilizing big data, AI, and other advanced technologies.

Question:

35. How did Korea improve the service delivery, planning, and financial management using the appropriate or relevant digital technologies in view of the impact of the COVID-19 pandemic? Further, how did Korea enhance its utilization of digital tourism platform and contact tracing methodologies to protect the health and safety of its citizens and tourists?

ANSWER:

Under the purpose of protecting the health and safety of its citizens and tourists, relevant ministries in Korea cooperate to collect and analyze the big data regarding tourism behavior such as travel movement, consumption record, and travel trends. The government have been enhancing its efforts to provide the information to stakeholders in the field of tourism industry to comply with the quarantine rules.

PART II: QUESTIONS REGARDING THE GOVERNMENT REPORT

I. INTRODUCTION

Para 3.1 – 3.2 (Page 5)

Korea has extended strong efforts to make a policy shift to realize a "human-centric economy," and thereby resolve slow growth and widening gaps while producing a path towards sustainable growth. The Korean Government is making determined policy efforts to realize three core values: innovation, inclusion, and fairness.

For innovation, Korea seeks to promote innovation across the industrial ecosystem by lifting unnecessary regulations. For inclusion, it is working to enhance the quality of jobs and strengthening safety nets for the low-income and vulnerable population, in an effort to reduce inequality and build a more inclusive economy. And, for fairness, Korea is combating unfair business practices and encouraging cooperation among large and small and medium-sized companies, to build a solid foundation for a sound market economy.

Question:

36. Has there been any shift in the policy considering that the pandemic has greatly affected certain industries, for example, transportation and tourism sectors? Did the Korean government provide for subsidies to industries greatly affected by the pandemic?

[ANSWER]

Korean government has implemented export and domestic consumption policies in order to vitalize industries which suffered during COVID-19 situation. Especially for export vitalization, Korean government increased a number of ships and airplanes for logistics and distribution, while holding networking conference with related organizations

As described in the Secretariat Report, the tourism sector in Korea has been significantly contracted in 2020 due to the COVID-19 pandemic. Korean government continues on subsidizing for the tourism sector.

II. ECONOMY AND TRADE

Para 2.1 (Page 11)

FTA Policies

Question:

37. What have been the key achievement of the Ministry of SMEs and Startups (MSS) since its inception?

[ANSWER:]

Since its launch, the Ministry of SMEs and Startups has been promoting the expansion of growth engines for SMEs and venture companies and management stabilization of small business owners based on 'innovation and inclusiveness'.

Para 2.9. (Page 4)

The outbound FDI (remittance basis) from Korea grew from USD 40.3 billion in 2016 to USD 64.3 billion in 2019, but fell to USD 54.9 billion in 2020.⁸ As of 2020, finance and insurance businesses showed the largest FDI outflows (32%) followed by the manufacturing industry (24%) and real estate businesses (14%). The U.S. was the top investment destination (32%), followed by Asia (31%) and Europe (18%).

Question:

38. Can you provide a list of Korea's investment destinations in Asia and Europe, including the value of investment as well as the ranking?

[ANSWER]

Europe (total)	14,251.923
Luxembourg	3,249.297
UK	2,224.598
France	1,843.439
Jersey	1,538.775
Poland	1,162.875
Guernsey	750.993
Hungary	739.541
Germany	723.308
Ireland	433.517
Spain	322.866
Italy	270.603
Netherlands	218.109
Turkey	201.580
Switzerland	103.627
Russian Federation	98.872
Belgium	81.480

Croatia	71.206
Czech Republic	65.338
Romania	34.022
Slovakia	31.652
Etc.	22.297
Cyprus	14.860
Sweden	11.182
Georgia	10.000
Ukraine	7.097
Portugal	6.414
Denmark	3.206
Austria	3.089
Norway	2.643
Bosnia and Herzegovina	1.770
Finland	1.345
Albania	0.796
Slovenia	0.617
Lithuania	0.555
Greece	0.243
Serbia	0.057
Latvia	0.045
Belarus	0.010

Asia (total)	20,530.505
China	5,854.046
Vietnam	4,589.554
Singapore	3,234.120
Hong Kong	2,757.558
Japan	1,300.090
Indonesia	983.716
India	452.336
Myanmar	281.811
Malaysia	239.716
The Philippines	235.380
Cambodia	212.559
Thailand	93.484
Lao PDR	69.372
Chinese Taipei	54.080
Pakistan	46.631
Uzbekistan	35.087
Bangladesh	29.327
Kazakhstan	23.614
Mongolia	16.845
Nepal	15.295
Kyrgyz	2.932
Sri Lanka	2.276
Macau	0.257
Brunei Darussalam	0.202
East Timor	0.137
Tajikistan	0.081

III. ECONOMIC POLICY

Para 3.6 (Page 6)

The pandemic has also reminded us of the necessity of policies to overcome the shock on short-term jobs as well as responding to fundamental changes in the employment market caused by the transition towards a green and digital economy. In response, Korea aims to strengthen safety nets for the vulnerable, use the "Investment in People" policy to foster talent to create more jobs in new industries and narrow the digital gap.

Question:

39. Would it be possible for Korea to provide more details for its "Investment in People" policy? We would be interested to hear how this tackles 4IR and preparing its people for jobs of the future.

ANSWER:

The Ministry of Employment and Labor is making its efforts to nurture skills tailored to digitization and low carbonization that are rapidly accelerating, which become more crucial after COVID-19 pandemic. MOEL established new technology training programs to promote new technology

capabilities for young jobseekers, and are expanding training for incumbent workers to enhance their new technology capabilities by considering that digitization is accelerating in all industries. In addition, talent not only with digital skills, but also with comprehensive job competency, including creativity and convergence skills is essential. Accordingly, to nurture such talent, we are extensively supporting comprehensive basic job skills, including problem solving skills, creative thinking, knowledge of humanities, etc. Lastly, we are actively responding to changes, particularly by establishing training programs to provide timely training in line with dramatic changes in the demand for workers due to those in the industrial structure.

Para 3.8 (Page 6)

As of 2021, Korea has concluded 17 FTAs with 57 nations, which have led to an increase in agricultural trade with FTA partners while contributing to market liberalization. As of 2020, Korea's agricultural trade volume amounted to a total of USD 41.79 billion, of which USD 33.72 billion (80.6%) came from trade with its FTA partners.

Question:

40. ROK has concluded 17 FTAs with 57 nations as of 2021, which led to an increase in market liberalization. What are the top 10 agricultural products that ROK has liberalized in its FTAs? Should we expect for ROK to further liberalize agricultural products in its future FTAs?

ANSWER:

It is difficult to determine the top 10 products since Korea has different list of liberalized agricultural products in each FTA. The overall outcomes of the negotiations including the negotiation status and the list of liberalized products can be found on the website(english.motie.go.kr)

Through the Korea-ASEAN FTA, Korea has partially opened the market for agricultural product to the Philippines, and is negotiating with the Philippines through a separate FTA to determine additional market access of agricultural products.

41. Which among Korea's FTAs include agricultural safeguard measures? How did the agricultural safeguard provisions impact the agricultural trade of Korea?

ANSWER:

FTAs signed with the US, Canada, Australia, New Zealand and the EU include ASG, and detailed information can be found on the website (english.motie.go.kr).

The ASG is included in most of the FTAs as a measures applied to remedy serious injury to the domestic industry from a sudden surge in imports.

Para 3.16

3.16. The Korean Government has placed its focus on regulation improvements, standardization, and industrial reorganization to advance Korea's industrial ecosystem and promote innovation in the manufacturing sector. For instance, the Regulatory Sandbox Regime introduced in 2019 granted a total of 102 exemptions by 2020. The regime helped create new business opportunities, as demonstrated by hydrogen charging stations in urban areas and smart parking robot services. On a similar note, the *Industrial Convergence Promotion Act* in 2021 was revised to provide a provisional permission for operation to businesses that have successfully completed the demonstration phase, in order to secure the continuity of businesses.

Question:

42. Are there specific B2B platforms under similar industrial initiatives that complement partnership between government and industries?

ANSWER:

The uTradeHub, the national paperless trade platform, was initiated by the Korean government under the Electronic Trade Facilitation Act. The 3rd party entity owned by Korea International Trade Association was designated as an operator of the platform. The uTradeHub provides various B2B services related to international trade, logistics, customs and cross-border e-commerce.

Para 3.19. (Page 7)

In December 2020, Korea established plans for the power industry and new and renewable energy sectors. For the power industry, the Korean Government adopted the "9th Master Plan for Power Supply and Demand," which includes forecasts for power supply and demand for 2020-2034 alongside plans for demand management, power facilities, improvement of the power market

system, and reduction of greenhouse gas emissions. It also announced the "5th Master Plan for New and Renewable Energy," which aims to generate 25.8% of electricity from new and renewable energy sources by 2034. This plan covers improvement of the power system, the expansion of demand for renewable energy, and comprehensive policies on new and renewable energy such as hydrogen.

Question:

43. Does the 5th Master Plan for New and Renewable Energy involve plans to expand/undertake investment activities in renewable energy generation in other countries? If so, aside from hydrogen, what other forms of renewable energy are included in Korea's priorities?

ANSWER:

We're expanding the deployment of solar and wind power.

Para 3.23. (Page 8)

However, unlike trade in goods, it is difficult to clearly identify the status of exports and imports in services, as these do not go through customs procedures. The Bank of Korea has been announcing the volume of trade in services in the form of balance of payments (service balance) based on foreign exchange transaction data collected from foreign exchange banks. However, there is no clear distinction between different types of businesses and sectors, creating difficulties for analysing relevant data and establishing trade policies. To gain a clear and detailed understanding of the exact export volumes, trends, and major export destinations of emerging service businesses, Korea has started developing statistics on trade in services and is now cooperating with relevant government agencies and organizations.

Questions:

44. Can you provide more information on Korea's initiative to develop statistics on trade in services? What is the status of this initiative? What has been achieved so far?

ANSWER:

Discussion is undergoing to improve trade in service statistics with related agencies, but nothing has been specified so far.

IV. TRADE AND INVESTMENT POLICY

Para 4.2 (Page 8)

The country was also the first to transform from an aid-recipient country to a donor country. In October 2019, the Korean Government decided to no longer seek special treatment reserved for developing countries in current and future negotiations at the WTO. It also made an unprecedented request in June 2021 to the UNCTAD that its status be moved from the List A group (Asian and African member countries) to the List B group (developed nations). Member countries of the UNCTAD unanimously decided to change the status of Korea during the 68th board meeting held on 2 July 2021.

Question:

45. Are there plans to review the country's domestic support on agricultural products, subsidies and other support programs now that Korea will no longer seek special treatment and is part of the developed nations?

ANSWER:

In 2019, Korea committed to not seek special and differential treatment for developing countries in future WTO negotiations.

With a view to moving towards a sustainable and environmentally-friendly agricultural policy, Korea revised its direct payment system in 2020 in a way that decouples eligibility criteria from the price and production of agricultural products.

Para 4.25. (Page 11)

As an open trading nation, Korea has continued to expand its FTA network, based on the understanding that market opening and liberalization would help enhance national competitiveness. Since the Korea-Chile FTA in 2004, the Protocol Amending the KORUS FTA entered into force in 2019, and the FTAs with the U.K. and five Central American countries also came into effect in 2021. As of July 2021, Korea has an FTA network spanning across 57 different nations through 17 FTAs. In addition, domestic ratification procedures are underway at the Korean National Assembly for the FTAs with Indonesia, the RCEP, and Israel.

Question:

46. Please provide more information on the status of domestic ratification procedures for the FTAs with Indonesia and Israel and RCEP? What are the necessary procedures and requirements for domestic ratification of Korea's FTAs? What is the time frame for these procedures and requirements to be completed?

[ANSWER]

Korea is on the final phase of domestic procedures for the ratification. We have submitted the request for ratification to the National Assembly on the first of October and expect to complete the process within this year.

Para 4.26 (Page 11)

47. The Korean Government has been aiming for comprehensive and high standard FTAs covering goods, services, investment, and rules. It has pursued FTAs with the world's largest economies, such as the United States, European Union, and China, as well as emerging economies, while actively participating in the economic integration discussions in East Asia.

Question:

47. What specific product concessions and/or other significant considerations are of importance to Korea in entering and concluding negotiations for an FTA? Further, how does Korea ensure balance of concessions in its negotiations with potential free trade partners?

ANSWER:

Korea is on the final phase of domestic procedures for the ratification. We have submitted the request for ratification to the National Assembly on the first of October and expect to complete the process within this year.

Para 4.28 (Page 12)

Korea will continue to actively engage in discussions for bilateral and regional FTAs as well as mega-FTAs. In addition, it will proactively push ahead with agreements in the digital sectors to keep pace with the rapidly changing trade environment in line with the advancement of digital technologies and the COVID-19 pandemic.

Question:

48. Will ROK proactively push ahead with agreements in the digital sectors to keep pace with the rapidly changing trade environment in line with the advancement of digital technologies and the COVID-19 pandemic. Will ROK push for more legally binding provisions on e-commerce/digital trade in its FTAs?

ANSWER:

Korea seeks to achieve a high-level of obligations for digital trade in bilateral and regional FTAs as well as mega-FTAs. In particular, our basic stance is to include a higher-level of obligations above other multilateral agreement such as WTO Agreement. However, we are still able to demonstrate flexibilities in accordance with the specific circumstances of our negotiating partners or individual matters.

Para 4.35. (Page 12)

Since the outbreak of the COVID-19 pandemic, trade is facing more challenging conditions than ever before (e.g. restrictions on cross-border movement and global economic slowdown). To address such situations, the Korean Government, related organizations, and the industrial sector have established a cooperative system, under which vaccinations of those business people who need to travel overseas have been prioritized, and standard contract templates have been distributed to reduce possible disputes among export and import companies.

Question:

49. Is there any assistance available or provided to business people coming in to Korea?

ANSWER:

Korea has implemented several measures facilitating essential movement of people across borders. Korea implemented, upon bilateral arrangement, Special Entry Procedure (called Fast Track Procedure) with various economies to allow business people to carry out economic activities upon arrival in Korea without the 14-day quarantine. Korea has Quarantine Exemption Certificates

available for people holding A-1 (Diplomat), A-2 (Government Official), or A-3 (Agreement) visas and those who have received the Quarantine Exemption Certificate issued by a Korean Embassy prior to arrival in Korea. Quarantine exemption can be issued for those visiting for important and urgent business activities, or other special reasons. In addition, APEC Business Travel Card (ABTC) holders who are granted pre-clearance can enter Korea without the need to apply for a separate visa.

Para 4.42. (Page 13)

Since the *Foreign Investment Promotion Act* was amended on 1 April 2019, surveys have been conducted every three years to inquire into the effect foreign investment has on job creation in Korea. The results of such surveys are incorporated into policies to promote foreign investment. In addition, to encourage foreign-capital invested companies to hire local employees, a wide range of events and programmes are being organized, such as job fairs and employment support weeks.

Question:

50. Please provide more information on the methodology used in the conduct of surveys to inquire and assess the effect of foreign investment on job creation in Korea. How are the results of these surveys incorporated into foreign investment policies?

ANSWER:

Through the sampling process of 2500 foreign firms operating in Korea, the survey was done based on the uniform questionnaire. The report contains analysis on comprehensive employment status and demands for foreign-invested firms, such as employment plans, required talents for the potential employees, grievances in the recruiting process.

The government attempts to encourage foreign-invested firms to increase domestic employment by referring to the result of the survey and thus provide relevant policies accordingly.

THE PHILIPPINES – REVISED ANSWERS

II. TRADE AND INVESTMENT REGIMES

Para 2.2 (Page 37)

2.2. Korea continued to participate actively in the WTO. In 2019, it committed to not seek special and differential treatment for developing countries in ongoing and future negotiations at the WTO. During the review period, it was involved in seven WTO disputes and made a number of notifications. It continued to pursue market opening opportunities through regional trade agreements (RTAs). Agriculture remains partially covered, and rice excluded, from all RTAs.

Question 2:

Agriculture remains partially covered, and rice excluded, from all RTAs. May we kindly ask for further elaboration on the partial coverage of agriculture in ROK's RTAs? Which agricultural products have been liberalized in its recent RTAs?

ANSWER

Korea is adopting several measures, such as exemption from tariff concession, maintaining current tariff rates, seasonal tariff and long-term tariff elimination period in RTAs.

Korea has recently signed the FTA with the UK in August 2019, and liberalized agricultural products and other related information are posted on the website below:

(Korean) www.fta.go.kr.

(English) www.gov.uk/government.

Para 3.234 (Page 125)

Under the 2011 Framework Act on Intellectual Property (IPFA), a Presidential Council on Intellectual Property (PCIP) to review and adjust the key IP policies, as well as to evaluate and monitor the progress of IP, remains in place. Its December 2016 Second National Intellectual Property Master Plan (2017-21) set forth the policy direction and strategic goals under the vision of "securing IP national competitiveness to lead the 4th Industrial Revolution". Its implementation is to provide advancement of the IP system and economic ripple effects, such as generation of KRW 7,725.1 billion, added value of KRW 3,601.7 billion, and employment of 79,076. In 2019, the Plan's six key directions were: (i) creation of IP-based jobs; (ii) strong IP for preparation of the Fourth Industrial Revolution and creation of new industries; (iii) enhancement of IP capabilities and establishment of a process order for growth of start-up companies and SMEs; (iv) creation of a

foundation for a copyright ecosystem corresponding to the digital environment; (v) reinforcement of global IP capabilities; and (vi) spread of a culture of respect for IP. The direction of Korea key policies changed to IP creation focused on quality rather than quantity; expansion of IP transactions, IP finance, and IP service areas centred on the private sector; and strengthened protection of IP. For 2021, the five major areas of strategy are: (i) converting IP into assets based on market analysis; (ii) strengthening SME start-up growth, and protection; (iii) supporting domestic IP to enter the global market; (iv) creating an ecosystem of fairness and coexistence corresponding to the digital environment; and (v) establishing an IP field centred around people and culture. Furthermore, between 2016 and 2020, the total amount of IP-backed financing transactions rose by 257% to KRW 2.64 trillion (USD 18.35 billion).

Question 18:

The total amount of IP-backed financing transactions rose by 257% from 2016 to 2020. What are the specific activities/projects/initiatives implemented by the government that contributed to this growth?

ANSWER

The government supports IP valuation which is a fundamental basis for IP finance and has encouraged financial institutions to launch IP financial products based on promising IPs by reflecting the performance of IP finance as one criterion in the government's evaluation of financial institutions.

Question 19:

What are the types of intellectual property that get financial support and what is the share of each?

ANSWER:

Small and medium-sized companies with patents can receive loans or investments from financial institutions based on patent valuation.

SAUDI ARABIA

PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT

CHAPTER NUMBER AND TITLE

Page #185# (Para #4.256.)

Take-off and landing slots are allocated in the order of priority, according to slots retained from the previous season for scheduled air services, slots used for scheduled air services in the previous equivalent and non-equivalent seasons, and new slots requested for scheduled and non-scheduled air services. Slots are not transferable. Unused slots are collected according to relevant regulations and are re-allocated if necessary

Questions:

1. Kindly provide the regulations governing slots allocation and collection in Korean airports?

ANSWER:

Distribution of airline slots: Article 18 (1) of the Aviation Business Act.

Article 18 (Distribution of aircraft operating time, etc.)

The Minister of Land, Infrastructure and Transport may allocate or adjust the departure or arrival time (hereinafter referred to as "time of operation") of aircraft to efficiently operate airports, secure air traffic safety, protect air traffic users, and improve air traffic services under Article 10 (1) 1 of the Incheon International Airport Act.

Slot recovery: Article 18 (5) of the Aviation Business Act

The Minister of Land, Infrastructure and Transport may collect all or part of the allocated flight time if not used in order to improve the utilization of flight time, efficient operation of airports, secure air traffic safety, protect air traffic users, and improve air traffic services.

SINGAPORE**PART I: QUESTIONS REGARDING THE Secretariat Report**Page 39 (Para 2.25)

1. "Korea's legal framework for e-government focuses on the protection of personal data and information and on digital security and digital identity." We note that ROK has revised the Personal Information Protection Act (PIPA), which includes new requirements for data transfers out of ROK. Could ROK elaborate on these requirements, and the cross-border data transfer mechanisms recognised under the PIPA amendment that companies can adopt?

ANSWER:

The amendment bill of the PIPA has not passed the National Assembly of the ROK. It seems too early to explain various cross-border data transfer mechanisms that companies would/should voluntarily adopt.

Page 100 (Para 3.158)

2. "All imported food products are required to carry legible Korean-language labels. Labelling requirements include nutritional labelling, voluntary colour-coded labelling, high caffeine content labelling for liquid products, functional food labelling, liquor labelling, country of origin labelling (COOL) (by MAFRA), and genetically modified (GM) labelling for unprocessed agricultural products and processed food". Could ROK elaborate if there are labelling requirements for sugar-sweetened beverages?

ANSWER:

We do not require additional labelling for sugar-sweetened beverages. All imported food products' Korean-language label must bear the labelling required by the "Labelling Standards of Foods, Etc." (Ministry of Food and Drug Safety) according to type of food (determined according to the "Food Code" (Ministry of Food and Drug Safety) and the characteristics of the food, including nutritional labelling, high caffeine content labelling for liquid products, etc. The labelling of precautions for consumers' safety as a specification of the products shall be in accordance with the attached Table 2 of Article 5 of the "Enforcement Rule of the Act on the Labeling and Advertising of Food, Etc." (Ministry of Food and Drug Safety).

Page 114 (Para 3.205)

3. "Laws protecting digital privacy, including the Act on Promotion of Information and Communication Network Utilisation and Data Protection (Network Act of 2001), the Personal Information Protection Act (PIPA of 2011), and the Act on the Use and Protection of Credit Information (wholly amended in 2009), were amended in January 2020, and most of the amendments took effect in August 2020." Could ROK elaborate on how these three laws interact to regulate the protection of personal data in ROK?

ANSWER:

It used to be the case that the data protection authority was split into different institutions including the Personal Information Protection Commission (PIPC), Ministry of the Interior and Safety (MOIS), and the Korea Communications Commission (KCC). And personal information protection was regulated by the PIPA, the Network Act, and other individual laws, if specifically mandated.

In order to efficiently and securely protect the personal information of the people in Korea, the Korean government made amendments to the aforementioned three laws in February 2020 to grant the PIPC the power to oversee personal information protection. Some articles and clauses regulating personal information protection mandated in the Network Act were removed and integrated into the PIPA.

The PIPC has been the control tower of personal information protection since, and personal information in general is regulated by the PIPA. Meanwhile, credit information managed by financial companies and personal credit information falls within the jurisdiction of the Financial Services Commission (FSC), and location information protection is handled by the KCC.

Page 170 (Para 4.172)

4. "Financial institutions' use of cloud computing based abroad had been limited to "non-critical information", excluding such information about their customers' personal credit information and unique identification information. In addition, the Use and Protection of Credit Information Act, the Personal Information Protection Act, and the Act on Promotion of Information and Communications Network Utilization and Information Protection were amended, to relax some data-privacy rules for

financial institutions and fintech operators seeking to exploit big data." Could ROK elaborate on whether there are requirements for financial information and customer information to be stored onshore, and if such information can be transferred offshore? In addition, could ROK also elaborate on the data privacy rules that were relaxed for the financial institutions?

ANSWER:

This issue is separate from the three Acts. When processing personal credit information and unique identification information on the cloud, the relevant information processing system must be installed in Korea in accordance with the Electronic Financial Supervision Regulations.

Financial institutions can process unique identifiable information or personal credit information using cloud computing facilities within Korea under the amended Electronic Financial Supervision regulation in 2018.

Page 176 (Para 4.206)

5. "The Korea Internet and Security Agency (KISA) specializes in promoting Internet and information security in the private sector...The National IT Industry Promotion Agency (NIPA) engages in a variety of initiatives to raise national competitiveness and secure growth engines for the future by promoting increased use of, inter alia, ... cloud computing in conventional industries." Could ROK elaborate on the policies to promote cloud computing adoption, for both domestic and foreign cloud service providers, and if there are plans to promote interoperability between ROK's domestic Cloud Security Assurance Program (CSAP) certification for public sector procurement with similar certifications abroad?

ANSWER:

The government has prepared the "Third Masterplan for Cloud Computing" (September 2021) and is promoting cloud market expansion and industrial revitalization by facilitating cloud transformation in the public and industrial sectors and fostering related ecosystems. In the public sector, the government is fostering the creation of an environment where the public sector can use a cloud computing service by 1) introducing the cloud system in administrative and public information systems (by 2025), 2) promoting cloud transformation consulting and cloud utilization projects in the public sector, and 3) expanding cloud services (SaaS) available in the public sector. In the private sector, the government is working 1) to expand the supply of competitive cloud services by facilitating SaaS transformation in the software industry, and 2) to increase the demand for cloud service industry by promoting the use of cloud services by SMEs. Finally, the government is making effort to create an ecosystem for the cloud service industry by nurturing related experts for the continued growth of the cloud industry and to provide an institutional foundation for cloud-based AI research and development.

Page 184 (Para 4.252)

6. What specific measures has ROK put in place to assist the aviation industry during the COVID-19 pandemic, and what are the criteria and processes for determining the type and amount of assistance offered?

ANSWER:

Since the first Korea-ASEAN aviation talks were held in 2012, a total of four consultations have reached a large part of the agreement between the two sides, and only additional consultations are left on the scope of aviation liberalization. In this regard, the 5th working-level meeting was scheduled to be held in the first half of 2019, but it has been temporarily postponed to December 2021 due to the influence of COVID-19.

Page 184 (Para 4.253)

7. We note that ROK's aviation policy aims to "expand the number of cities and international routes to make Korea the largest air transport hub in Asia." Could ROK elaborate on the progress made on this front since 2016?

[ANSWER]

As of 2016, Korea has operated 4,209 regular flights on 350 routes.

Korea has steadily pioneered international routes and operated 4,980 regular flights on 378 routes in 2019.

In particular, with the agreement with Brunei and Singapore in 2019, Korea has signed a 3/4 aviation liberalization agreement with all ASEAN countries except Indonesia, and is also working to revitalize air traffic by signing a final agreement with the EU.

8. We also note that ROK's aviation policy aims to "pursue open skies agreements with the EU and ASEAN" and "promote open skies agreements with Asian economies". Could ROK share on its timeline to pursue further agreements and expansion of Air Services Agreements (ASAs) with ASEAN and other Asian countries?

[ANSWER]

Since the first Korea-ASEAN aviation talks were held in 2012, a total of four consultations have reached a large part of the agreement between the two sides, and only additional consultations are left on the scope of aviation liberalization. In this regard, the 5th working-level meeting was scheduled to be held in the first half of 2019, but it has been temporarily postponed to December 2021 due to the influence of COVID-19.

SWITZERLAND

Report by the Secretariat WT/TPR/S/414:

1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy (page 17, paragraph 1.2)

Paragraph 1.2: The specialization in a few key industries dependent on a few large firms increasingly exposes the economy to domestic and external shocks. As Korea is highly integrated in global value chains, this situation makes Korea vulnerable to lasting disruptions in GVCs.

1. Does Korea envisage trade policy measures to mitigate its vulnerabilities to disruptions in global value chains?

ANSWER:

Korea is expanding trade cooperation based on our manufacturing capabilities and advanced technologies in key industries encompassing semiconductors and batteries while seeking to add diversity to supply chains through Korea's FTA network and attraction of foreign investments.

In addition, the IMF recommends nurturing the ongoing recovery with additional fiscal and monetary policy accommodation, and solidifying the foundations for a resilient, greener and more inclusive medium-term growth.

2. Which additional fiscal and monetary policy accommodation does Korea foresee?

ANSWER:

The suggestion of the IMF was proposed in its annual meeting held in Jan. 2021, and the Korean fiscal policy has maintained its stimulative stance with two supplementary budget plans (1st: KRW 14.9 tril. 2nd: KRW 34.9 tril.). In addition, in terms of the monetary policy, we have put efforts in multiple directions such as extending the maturity date of the bank intermediated lending support facility to Mar. '22 and raising the limits of aid for small entrepreneurs and so forth. Going forward, we will gear towards a full economic recovery while constantly helping the vulnerable group which is disproportionately affected in the process of economic recovery.

1.2 Recent economic developments

1.2.4 Structural policies – 1.2.4 Labour market policies (pages 26 and 27, para. 1.18 and footnote 53 and para.1.20 and footnote 59)

Para 1.29 and footnote 53 state that dualism drives wage inequality, reduces productivity growth by discouraging firm-based training, and has a negative impact on female employment.

3. Considering that Korea's public employment is only 9% of total employment and as 205,000 non-regular workers in the public sector have received a regular employment contract, which other measures or policies does Korea envisage to reduce inequality and improve citizens' welfare?

ANSWER:

With a view to enhance the quality of public service as well as converting non-regular workers to regular status in the public sector, and to provide decent jobs to the youth, the Korean government aims to create 810,000 public jobs by 2022. As of 2020, it added 97,000 field official jobs highly relevant to the people's livelihood, in fire, social welfare, and labor inspections services, and created 239,000 jobs in childcare, long-term care, and healthcare services, reflecting the growing demand for social services. Meanwhile, the government offers incentives to encourage the private sector to convert non-regular workers to regular status. It regulates that a fixed-term employee who is hired for more than two years by an employer would be deemed as an employee on a non-fixed term employment contract of the employer by the law to prevent the abuse of the fixed-term contract. It also operates the correction system to redress unreasonable discrimination against non-regular workers and executes regular labor inspections. Moreover, it subsidizes part of the labor costs of the employees whose status is changed to regular from non-regular for up to one year to promote private companies to improve the employment structure and grants tax credits to SMEs who provide regular employment contracts to non-regular workers.

As new types of employment significantly emerge due to the Fourth Industrial Revolution, and major economic crises unfold after the COVID-19 outbreak, Korea faces a growing demand from the public to strengthen employment insurance to protect those who are not covered by the system including the dependent self-employed. In response, the government has worked to establish a multi-layered employment safety net which covers all working citizens in the employment insurance and protect those who newly enter the labor market including the low-income groups and young people through the National Employment Support Program, the Korean unemployment assistance scheme. In December 2020, it announced the Roadmap for a Universal Employment Insurance of which purpose is to establish an employment insurance system that gradually covers all workers and to reform the system based on income data rather than employment status including working conditions by 2025.

Para.1.20 and footnote 59: Korea has undertaken some measures to encourage the participation of women in the labour market. However, Korea's female labour force participation is one of the lowest in advanced economies. Numerous studies and researches underline the benefits of women participation in the economy. Korea is not yet a participant to the Buenos Aires Joint Declaration on Trade and Women's Economic Empowerment.

4. Given the benefits of the SDG nb. 5 regarding economic growth does Korea foresee to become a member of the Informal Working Group on Trade and Gender?

ANSWER:

Korea is already a member of the Informal Working Group on Trade and Gender.

2 TRADE AND INVESTMENT REGIMES

2.4 Trade laws and regulations

2.4.1 Regulatory framework (page 38 – paragraph 2.16)

Paragraph 2.16 : Regulatory sandboxes were introduced at the beginning of 2019 and refer to live testing of new products or services in a controlled regulatory environment, so that regulators may relax certain regulatory requirements to conduct the test.

5. Are these "regulatory sandboxes" limited in time?

ANSWER:

In the case of the Industrial Convergence Regulatory Sandbox, two regulatory exception cases are in operation. It is divided into "Regulatory Exceptions for Demonstration" referred to as "live tests" abroad and "Temporary Permission" which gives permission first before deregulation, and each has an initial two-year validity period. Companies that want to apply for Industrial Convergence Regulatory Sandbox can apply through the website (<http://www.sandbox.kiat.or.kr/>) all year round.

6. How long does a live testing last, usually?

ANSWER:

As mentioned above, both Regulatory Exceptions for Demonstration and Temporary Permission have a two-year validity period. In the case of Regulatory Exceptions for Demonstration, it is possible to apply for an additional two-year extension before the end of the period to reduce the anxiety of companies and improve business stability.

In addition, if the regulations are not amended within the validity period, the law stipulates that the business operator can apply for the revision of the regulatory laws. In particular, in the case of Temporary Permission, the validity period is considered to have been extended until the revision of the law is completed. Therefore, companies using the Industrial Convergence Regulatory Sandbox can stably operate their projects.

2.4.2 Trade-related legislation (page 39 – paragraph 2.21 and 2.22)

Paragraph 2.21: The Customs Act, which is one of the main legislation on international trade, was recently amended in 2020.

7. What are the main reforms of this act?

ANSWER:

The main purpose of the amendment was to enhance public understanding and the protection of rights, and to apply the same tariff to all automatic flow regulators used in semiconductor manufacturing regardless of their operating method. In this regard, the tariff rate on automatic gas flow regulators for manufacturing semiconductors was reduced from 8% to 3%.

Paragraph 2.22: The main legislation on investment, the Foreign Investment Promotion Act, was recently amended in 2020.

8. What are the main reforms of the Foreign Investment Promotion Act?**ANSWER:**

In order to promote the reinvestment of foreign-invested companies in Korea, foreign-invested companies are recognized as foreign investment if they invest in the establishment or expansion of factory facilities. In addition, incentives for high-tech investments were expanded by adding new factory facilities to manage high-tech and high-tech product businesses under the Industrial Development Act.

2.5 Trade agreements and arrangements**2.5.2 Regional and preferential agreements (page 43 to 45) as well as section 4.2 of the Government report**

Section 2.5.2 of the Secretariat Report and section 4.2 of the Government Report: During the period under review, Korea signed a number of new regional and preferential agreements. In its report, the Korean Government expresses the ambition to strive for comprehensive and high standard FTAs.

9. What is Korea's policy with respect to the review and modernization of free trade agreements that entered into force some time ago?**ANSWER:**

Various aspects such as the need for reflecting changes in the global trading environment and relevant rules, the overall balance of interest in the amendment packages, and demands from the business sector are taken into consideration in a comprehensive view.

3 TRADE POLICIES AND PRACTICES BY MEASURE**3.1 Measures Directly Affecting Imports****3.1.1 Customs procedures, valuation, and requirements - 3.1.1.2 Customs valuation (page – para. 3.20)**

Para 3.20: According to paragraph 3.20, the Customs may determine the valuation of second-hand imports using "*reasonable standards*", whereby prices paid are adjusted based on appraised prices from certified appraisal institutes, domestic wholesale prices, or other recognized price lists.

10. Could Korea elaborate on what are these "reasonable standards"?**ANSWER:**

The "reasonable standards" under the ENFORCEMENT DECREE OF THE CUSTOMS ACT Article 29 are used to decide customs value based on available domestic information and the methods described in the Article. As for second-hand imports, the available domestic information includes: appraisement of the merchandise by certified appraisal institutes, deductive value for domestic merchandise, and deducting the depreciation value from the price at the time of import (ENFORCEMENT REGULATION OF THE CUSTOMS ACT article 7.5).

11. Could Korea specify who are the certified appraisal institutes?**ANSWER:**

The conditions or specifically certified appraisal institutes are not stated in the CUSTOMS ACT. Appraisal institutes are designated case-by-case depending on the type of the imported goods and which law they are concerned with (e.g. HARBOR TRANSPORT BUSINESS ACT for ships).

12. Could Korea elaborate on the "other recognized price lists"? Who does establish the said lists? What are the criteria retained? Who is in charge of controlling these lists?

ANSWER:

There are no official legislative "other recognized price lists" for determining the value of used goods. Apart from the deductive value and depreciation for domestic merchandise, for either new or used goods imported from abroad, its value is determined by several methods, including deducting the depreciation value from the price declared at the time of import, based on the item's service life under the CORPORATE TAX ACT.

3.1.3 Tariffs**3.1.3.1 Applied tariffs (page 61 – para. 3.33)**

Para 3.33: According to paragraph 3.33 there are some 129 different rates (88 *ad valorem* duties and 41 alternate duties) of which about 39 *ad valorem* tariffs involve decimal rates.

13. Does Korea consider the advantages of streamlining its tariff by reducing the large number of different rates and removing at least the decimal rates?**ANSWER:**

Currently, Korea does not consider reducing the number of different rates and removing the decimal rates. But a number of many FTAs and multilateral trade agreements in which Korea participated are having the effect of lowering the tariff rates.

14. If this is not the case, what are the reasons not to do so?**ANSWER:**

Korea has implemented the tariff concession precisely, without delay, according to the WTO agreement such as the ITA Expansion.

3.1.3.3 "Flexible" tariffs (page 66 – para. 3.39)**Adjustment duties**

Para. 3.39 : Para.3.39 states that the adjustment duties are set annually by the MOEF in accordance with the request from the relevant government authorities.

15. Could Korea indicate when the adjustment duties are modified and where are the new rates published?**ANSWER:**

Adjustment tariffs are announced in the official gazette or website and are implemented on January 1 every year.

16. Does Korea notify the WTO about the changes?**ANSWER:**

In order to notify WTO, we submit WTO IDB which includes MFN applied tariff rate by reflecting the adjustment duties in March of each year.

3.1.3.7 Tariff preferences (page 68, para. 3.49, footnote 53)

Para 3.49: According to paragraph 3.35 the Government of Korea continues to use "*adjustment tariffs*" according to a schedule published at the start of each year to manage imports of specific items largely to prevent dumping and protect domestic producers.

17. As the link referred to in footnote 53 is not working, could Korea provide the relevant information?**ANSWER:**

That link (https://country.eiu.com/FileHandler.ashx?issue_id=1090089892&mode=pdf) does work.

3.2 Measures Directly Affecting Exports

3.2.3 Export prohibitions, restrictions, and licensing – 3.2.3.1 Prohibitions (page 77, paragraph 3.77)

Para 3.77. In response to domestic needs related to the global outbreak of COVID-19 pandemic, Korea introduced a temporary export ban (entirely lifted on 23 October 2020) on surgical and sanitary masks, filtering respirators and melt blown filters in accordance with Article XI:2(a) and Article XX(b) of the GATT.¹⁰⁶ These prohibitions were initially imposed for the period from 6 March to 31 May 2020 to prevent a critical shortage of PPE; they were lifted as of 23 October 2020. As production volume increased, the prohibition was gradually replaced by a prohibition except under defined conditions. As of 18 June 2020, Korea lifted the restriction on filtering respirator producers and those who have concluded contracts with the producers for the purpose of exportation and allowed to export up to 30% of the total daily production volume of filtering respirators. Later this measure was revised and, as of 12 July 2020, filtering respirators were allowed for exportation on the condition that producers' monthly export volume does not exceed 50% of the monthly average production volume of the domestic filtering respirators in the last two months, unless it is for government-approved humanitarian purposes. Similarly, with the stabilization of mask supply, exports of surgical and anti-droplet masks were allowed on identical conditions as of 15 September 2020.

According to paragraph 3.77, several temporary export bans were in place due to the global outbreak of COVID-19 pandemic. As production increased, the prohibitions were gradually replaced by a prohibition except under defined conditions, i.e. exports were allowed only up to a certain percentage of domestic production.

18. Could Korea indicate whether these conditional export prohibitions are still in place, for which products and until when they will apply?

ANSWER:

Export prohibition on melt blown filters has been abolished as of 23 October 2020, and currently no regulation exists on melt blown filters.

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy – 3.3.4.1.1 Policy, institutional, and regulatory framework (pages 106 and 108 – paragraphs 3.181, 3.182 and 3.186)

Para. 3.181: The KFTC, is responsible for formulating competition policies and investigating cases.

19. Is the majority of the investigations initiated upon a complaint or a denunciation, or are they self-initiated?

ANSWER:

In 2020, the number of investigations was 2,141 in total, consisting of 1,214 cases initiated upon a complaint (56.7%) and 927 ex officio ones (43.3%). (Refer to KFTC Statistical Yearbook of 2020)

Para 3.182: We understand that the main competition legislation is the Monopoly Regulation and Fair Trade Act (MRFTA).

20. Are there sector-specific regulations?

ANSWER:

We are not in charge of sector-specific regulations.

21. Do these regulations contain exceptions to the provisions of the MRFTA?

ANSWER:

Our main competition legislation is the MRFTA, and each industry authority is in charge of sector-specific regulations

Para. 3.186 states that enterprises are market-dominant if their market-share is at least 50%. This threshold seems to be rather high, especially with regard to companies with small market shares and very low competitive pressure.

22. For which reason is the concept of relative market power omitted?**ANSWER:**

We do not always define enterprises with market share of 50% or more as market dominant. The law also stipulates that enterprises can be seen as market dominant when the top 3 enterprises' combined market share reaches 75%, with the exception for enterprises with less than 10% market share. Please refer to Para. 3.186 which states these details.

3.3.4.1 Competition policy – 3.3.4.1.3 Enforcement (page 111, paragraph 3.197)

Para. 3.197 highlights that 702 companies were participating in the Compliance Programme (CP), which promotes compliance with the MRFTA. It could seem that the time-limited immunity from investigations is counter-productive, as it may incentivize grade A corporations to act in an anti-competitive way.

23. Has this concern been taken into account in the determination of the time period of immunity?**ANSWER:**

The CP program grants 1-2 year immunity from ex officio investigation to corporations with grade A or higher. However that does not mean they are also immune to investigation triggered by reports. They are subject to ex officio investigation when they obviously violated laws as well.

3.3.5 State trading, state-owned enterprises, and privatization – 3.3.5.2 State involvement in the economy and privatization (page 116 – paragraphs 3.212 and 3.213)

Para. 3.212 mentions that apart from providing basic goods and services, some public institutions provide R&D services.

24. Is this limited to universities or are there any other public institutions active in R&D?**ANSWER:**

In addition to universities, there are a number of public institutions established to provide R&D services. As of 2021, 74 out of 350 public institutions were classified as R&D-purpose institutions

25. Are there any reports analyzing possible crowding-out effects of such activities?**ANSWER:**

It has not been confirmed whether there is a reports analyzing crowding-out effects related to R&D activities in public institutions.

In addition, para. 3.212 states that 339 institutions are designated as public institutions.

26. Are there any governmental ownership strategies in place, which define principles for corporate governance and complement the existing laws?**ANSWER:**

Act on the Management of Public Institutions (AMPI) contains basic principles for operation of public institutions. The principles are specified in sub-guidelines.

Para. 3.213 states that the privatization of Woori Financial Group has been halted due to the COVID-19 pandemic.

27. Does the Republic of Korea plan to continue the privatization of Woori Financial Group in the near future?**ANSWER:**

The Korean Government, owning 15.13% shares of Woori Financial Holding, is proceeding with a bid to sell approximately 10% of its shares and endeavors to accomplish the Plan to dispose all residual by 2022.

28. What are the reasons for the decision to privatize the company and are there any plans to privatize other state owned institutions?

ANSWER:

The Government has been temporarily holding shares of Woori Financial Holding due to the capital injection to normalize management of Woori Bank, triggered by financial crisis happened in the late 1990's. The plan to recover the public funds by the resale of acquired shares is currently in the process, which is different with the privatization scheme of public entities in general.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.2 Policy, institutional, and regulatory developments - 4.1.2.3 WTO notifications (pages 145-146, paragraphs 4.43 -4.45)

According to [para. 4.43](#), the Republic of Korea currently grants its agriculture sector an exemption from different kinds of taxes for oil fuels used in agricultural machines. Additionally, farmers "benefit from zero or low irrigation water fees" ([para 4.45](#)). Both of these measures may prevent transformations towards a more eco-friendly and environmentally sustainable agriculture.

29. Can Korea please explain what efforts are being undertaken in the area of agriculture in order to enhance transformation towards a more sustainable agriculture?

ANSWER:

While responding to international dialogues on climate change and achieving UN SDGs, the Republic of Korea is implementing its domestic agricultural policies. In 2020, Korea introduced a direct payment scheme which takes account of the environment, and in September 2021, it established a mid- and long-term plan that contains production and consumption of food that can be harmonized with environment. We are also expecting to establish a plan for carbon neutral agriculture within this year.

As per the tax exemption for oil fuels used for agricultural machines ([para 4.43](#)) and the beneficial supply of irrigation water for farmers ([para 4.45](#)), the farming environment and historical situation of Korean agriculture are reflected. With the focus on sustainable agriculture, Korea is implementing various policies that consider environment, such as environment-friendly agriculture practices, integrated crop-livestock farming systems, efficient paddy field irrigation techniques.

4.3 Mining and energy

4.3.2 Energy – 4.3.2.1 Main features (page 154 - paragraphs 4.76 and 4.79)

According to [para. 4.76 and 4.79](#), Korea relies heavily on fossil fuel, is an energy-intensive nation and has been providing fossil fuel subsidies to the energy sector.

30. Does Korea intend to reduce its fossil fuels' consumption and subsidies in the long term?

[ANSWER]

Korea intends to reduce its fossil fuels' consumption in the energy sector, especially coal-fired power generation, and gradually phase out fossil fuel subsidies in the long term.

4.3.2 Energy – 4.3.2.6 New and renewable energy (page 160 – paragraph 4.121)

According to [para. 4.121](#) Korea is committed to increasing the share of renewables in power generation to 20% by 2030 and to 30%-35% by 2040.

31. As the August 2021 report of the Intergovernmental panel on climate change states that there are irrefutable evidence that greenhouse gas emissions are choking the planet and that global warming is affecting every region on Earth, will Korea review its targets and accelerate the path of the transition to renewable energy sources?

ANSWER:

In November 2020, Korea declared a vision to achieve carbon neutrality in 2050, and is currently preparing a scenario to achieve the vision by establishing a carbon neutrality committee. Through

public discussions in the future, Korean Government plans to announce the responsible and feasible renewable energy targets for carbon neutrality.

4.4 Manufacturing

4.4.2 Automotive (page 164 – paragraph 4.141)

As Korea is the world's 7th largest automobile producer, Switzerland is pleased that Korea has been facilitating the development of eco-friendly cars by providing tax incentives (para 4.141).

32. With regard to eco-friendly cars, how Korea assesses the environmental benefits of the vehicles they subsidize?

ANSWER:

Ministry of Environment does not provide subsidies for internal combustion engine vehicles, including HEVs, and only provides subsidies for Zero-Emission-vehicles such as EVs and FCEVs that do not emit greenhouse gases and air pollutants. According to a related study, if an EV is operated instead of an internal combustion engine vehicle for 10 years, the environmental cost reduction effect is analyzed to be about KRW 2.9 million.

CHINESE TAIPEI**Question 1:**

The Ministry of Trade, Industry and Energy of Korea announced on May 12 the "Inspection of the flow of imports and exports and response plans." Relevant ministries have also launched an emergency response team, which will actively exchange opinions with relevant enterprises and try to help resolve the problems that export companies and export logistics have faced. The main contents of the response plan initiated by the Korean government are as follows: (1) Cooperate with international shipping companies to actively expand sea and air shipping routes between the Americas and Europe. (2) Strengthen provisions for dedicated shipping space and support freight costs for small and medium-sized enterprises and backbone enterprises. (3) Assist in solving the problem of port and airport logistics accumulation and guarantee the number of containers.

Would the Republic of Korea please elaborate and give specific details about the content for item 2 mentioned above?

ANSWER:

Our exporters have been suffering from the global shortage of shipping containers. The shipping crisis has been worsening the situation especially for SMEs who are navigating their business in the wake of the COVID-19 pandemic. To address such situations, the Government and related organizations have established a cooperative system, and make efforts to seek temporary solutions(기준 : provide temporary assistance) for SMEs including a certain amount of freight space and logistics services which allows companies to obtain needed services from registered organizations.

Question 2:

Could the Republic of Korea further elaborate on its trade policy objectives and specific priority sectors?

ANSWER:

More detailed information can be found in Chapter 4 (Trade and Investment Policy) in the policy statement by the Republic of Korea.

Question 3:

According to the "checking import and export logistics trends and countermeasures" announced by the Ministry of Trade, Industry and Energy on May 12, 2021², the Korean government would increase subsidies to SMEs aiming at offsetting surging freight costs to 12.1 billion KRW. As we understand, the Korean government began providing this subsidy in the second half of 2020 in response to the impact of the COVID-19 pandemic on exports.

1. Can the Republic of Korea explain whether the aforementioned freight subsidy program is a temporary measure? If so, when will it be terminated?
2. Furthermore, could the Republic of Korea explain why this subsidy program was not included in its 2021 subsidy notification to the SCM Committee (G/SCM/N/372/KOR), and whether this subsidy program is contingent upon export performance?

ANSWER:

The Program is not a subsidy program as the eligibility is not contingent upon export performances of enterprises, and does not favour certain SMEs over others

Since the program is not a subsidy program, it was not included in its 2021 subsidy notification to the SCM Committee, and this program is not contingent upon export performance.

Question 4:

The amendment to the Unfair Competition Prevention and Trade Secrets Protection Act in 2019 has broadened the definition of the term "trade secret." The "reasonable effort" requirement on trade secrets protection has been replaced by the amended provision "managed as a secret." How does

² Viewed at:

http://www.motie.go.kr/motie/ne/presse/press2/bbs/bbsView.do?bbs_seq_n=164093&bbs_cd_n=81¤tPage=461&search_key_n=title_v&cate_n=&dept_v=&search_val_v.

the court determine the said requirement in practice? Particularly, what extent of "effort," if any, would be needed to meet the requirement of "managed as a secret"? Could the Republic of Korea kindly share examples of relevant practical cases?

ANSWER:

A revised law is applied starting from the first case after the amendment goes into effect, therefore it is difficult to clearly answer about the court's criteria because there is yet to be many precedents.

THAILAND**WT/TPR/G/414****Para 3.6****Page 6****Questions 1**

Does the Korean Government have a policy to attract foreign experts / professionals to the workforce in Korea in order to foster digital skills? What are the talents / skillsets that Korean Government recognizes as the essential ones after COVID-19 pandemic?

ANSWER:

The Ministry of Science and ICT has been operating the Brain Pool+ project since last year with a goal to attract world-class researchers in the field of emerging industries such as artificial intelligence and big data to Korea. Demand for talent with digital skills has soared in all industries due to digital transformation and accelerated growth of the contactless economy since the COVID-19 pandemic began. In particular, efforts are being made to cultivate world-class, high-quality professionals in the field of artificial intelligence and software, and to support fostering multi-talented professionals that can apply artificial intelligence and software technologies to each industry. As there is a growing demand from the industry for talented workforce with both technical prowess and capability to carry out projects, support is provided to offer advanced courses (regular and non-regular courses).

To attract foreign experts / professionals from industry fields including digital sector, foreign experts/technicians entering Korea are given D-8 enterprise investment visa. In addition, these foreign workforce are provided with income tax reduction for 5 years.

WT/TPR/G/414**Para 3.7****Page 6****Questions 2**

Could Korea provide more details on the criteria for the eligibility of projects of Rice Income Compensation Scheme under the New Direct Payment Program and the budget for the said program?

ANSWER:

Farmers who meet the requirements under the Act on Implementation of the Direct Payment Program for Agriculture are eligible for the new direct payment program which is decoupled from commodity production.

The eligibility criteria is as follows:

- (1) farmland used for rice farming from 1998 to 2000, or farmland used for dry farming from 2012 to 2014; and
- (2) those who have received direct payment once or more during the period of 2016 to 2019, or who meet the requirement for agricultural business successors or full-time farmers may receive the direct payment.

The budget plan for the new direct payment program in 2021 is KRW 2,360 billion.

WT/TPR/G/414**Para 3.13****Page 7****Questions 3**

With regard to "Manufacturing Renaissance Vision and Strategy" announced by Korean Government in June 2019 to strengthen the industrial development as well as innovation, Thailand would like to seek clarification on the details relating to plans, measures, lesson learned, and experiences under the aforesaid vision and strategy.

ANSWER:

Korean Government announced 'Manufacturing Renaissance Vision and Strategy' in June, 2019 and declared ambitious goal to be the renowned major manufacturing powerhouse. The Strategy contains policies with respect to structural innovation of industry, growth of emerging new industries, and establishment of industrial ecosystem. To promote innovation, Korean government implemented

policies such as building smart industrial complex and promoting companies to manufacture eco-friendly commodities. To grow emerging industries including semiconductor industry, future mobility industry and bio-tech industry, the government implemented standardization policies and set incentives for private companies to enhance their investment with regard to emerging industries. To establish ecosystem, Korean government enhanced educational opportunities for both workers and students, while promoting challenging R&D. It seems that Korea has successfully built strong manufacturing base with those policies, and it led Korea to provide qualified stable jobs for workers and good foundation for production, which worked as a strong engine for Korea to perform better than other countries under the COVID-19 crisis.

WT/TPR/G/414**Para 3.14****Page 7****Questions 4**

How the Act on Digital Transformation of the Industries, including relevant working groups to be established, will affect the existing and the upcoming foreign investments?

ANSWER:

According to current legal regime, foreign enterprises are treated in the same manner.

WT/TPR/G/414**Para 3.17****Page 7****Questions 5**

Please provide further details relating to the necessary standards being developed by Korea in different sectors, such as electric vehicles and non-memory semi-conductor, to support the development of new services, enhance quality, and strengthen safety in the era of the 4th industrial revolution, including the principles and guidelines for developing such standards, differences between the developing standards and the existing international standards, and how Korea ensure that these standards will not be too burdensome for manufacturers or create unnecessary barriers to trade.

ANSWER:

KATS tries to link research and development results in the 4th industry division to standards, and standardizes performance requirements and test methods. We contribute to the promotion of international standardization in the 4th industry by actively suggesting the results as international standards such as ISO and IEC.

In addition, we are developing standards to reflect the demands of the industry, and the developed standards are to be harmonized with international standards.

WT/TPR/G/414**Para 4.13****Page 9-10****Questions 6**

Please enquire more about the Republic of Korea's cooperation under the framework of Asia-Pacific Economic Cooperation (APEC) in view that Thailand will host APEC meeting in 2022

ANSWER:

As a member of APEC, Korea has worked for strong, balanced, inclusive, sustainable, innovative and secure economic growth with Thailand. Korea will continue to collaborate to recover from the COVID-19 pandemic shock, and facilitate tourism, the movement of goods and services, and investment which are Thailand's main interests. Through these coordinated actions, Korea and Thailand will contribute to prosperity of APEC region. In addition, Korea looks forward to cooperating with Thailand for the successful APEC meeting in 2022.

WT/TPR/G/414**Para 4.2.1****Page 11-12****Question 7**

Please elaborate more on other trading partners that Korea plans to discuss for bilateral and regional FTAs in the pipeline.

[ANSWER]

When reviewing the candidates for a possible FTA, the Government take into consideration both external and internal factors of the country in a comprehensive manner.

WT/TPR/G/414**Para 4.35****Page 12****Question 8**

Please enquire more information on the establishment of a pan-government cooperation system by the Government of the Republic of Korea to resolve trade crisis caused by the COVID-19 pandemic.

[ANSWER]

As COVID-19 spreads around the world, many business people and exporting companies in Korea have been suffering difficulties due to restrictions on cross-border movement and global logistics difficulties. Against these backdrops, the Korean Government established the Business Travel Support Center(BTSC) in October 2020 and the Export-Import Logistics Support Center in December 2020 whose staff are composed of people from the relevant ministries, related organizations and industrial sectors. While operating these Centers, the Government streamlined and expedited the quarantine exemption approval to business people; and it has collected difficulties from exporting companies and tried to provide COVID-19 related support for them.

WT/TPR/G/414**Para 4.39****Page 13****Questions 9**

How the Covid-19 pandemic posed the impact on the changes of Korean Government's focus on encouraging investment in high value-added sectors? Especially the services sector, does the Government incorporate new service sectors into the priority service sectors or add value to the aforementioned sector?

ANSWER:

Enlarging the proportion of investments from high value-added sectors was Korean Government's policy vision even before Covid-19 pandemic, though it did act as a trigger for the government to concentrate/focus more on the quality-side of inward FDI performance, since during the pandemic, global FDI dropped sharply and there clearly were limits to enlarging the FDI volume itself.

WT/TPR/G/414**Para 4.41****Page 13****Questions 10**

Taking into account such factors (market competitiveness by investors, their presence at home, and possibility of attracting domestic investment), how would the Government's specific policies / measures be adopted? E.g. maintaining market competition via measures relating to market share / share of capital, measures relating to local presence, specific measures to attract domestic investment.

ANSWER:

The factors mentioned are considered in the process of IR activities, rather than providing incentives or taking policy measures. In detail, the firms are scored & ranked according to the factors mentioned, and are given different IR priorities, and managed via database.

KOTRA will try to focus their IR capabilities/resources on high-priority-firms on the database, which

will, in result, receive more frequent contacts.

WT/TPR/S/414

Para 2.76, 2.74, 4.166, 4.172

Page 48, 169 and 170

Questions 11

To enable getting credit more inclusive, how does the Korean Government formulate its policy / take a view on new financial services e.g. peer-to-peer lending, crowdfunding, especially in respect of liberalisation of market access to foreign service providers? Do foreign service suppliers intending to provide new financial services especially those of Mode 1, have to seek approval from the Financial Services Commission (FSC) and / or comply with measures on data regulations?

ANSWER:

Korea guarantee national treatment and market access to foreign service providers.

Pursuant to FTAs signed by Korea, the financial authorities can determine the institutional and juridical form through which the new financial service may be supplied and may require authorization for the supply of the service.

Service suppliers intending to operate financial business in Korea should register or be permitted subject to relevant regulations. Also, they are required to comply with local regulations.

WT/TPR/S/414

Para 3.39

Page 66

Questions 12

Could Korea please elaborate on the criteria used in considering which products are applicable for the adjustment duties? Does Korea have a general timeframe for the application of adjustment duties? If not, please explain how Korea determine the time period in applying adjustment duty for a given product.

ANSWER:

The adjustment duties may be assessed, inter alia, in the following cases:

- Where necessary to adjust widely unbalanced tariff rates among goods resulting from changes, etc., in the industrial structure;
- Where necessary to protect public morality and the life and health of humans, animals and plants, preserve the environment, conserve limited natural resources, and to assure international peace, security, etc.;
- Where there exist risks for the domestic market or the domestic industrial foundation to be undermined by an increase in the import of goods including agricultural, forest and livestock products, whose international competitiveness is weak, hence making it necessary to correct or prevent them from such risks.

And the assessment of adjustment duties is reviewed on annual basis.

WT/TPR/S/414

Para 3.243

Page 127

Questions 13

Please provide detail of the speedy patent screening/ examination for Green technology. How is it different from the normal patent examination?

ANSWER:

A patent application directly related to green technology and financed or certified by the government, etc., are eligible for expedited examination. In general, green technology refers to technology which minimizes the emission of greenhouse gases and pollutants by saving energy and resources and making use of them efficiently throughout the whole process of social and economic activities, such as technologies related to reducing greenhouse gas emissions, raising the efficiency of energy utilization, pollution-free production, clean energy, recycling resources, and eco-friendliness (including related convergence technology).

In order to request expedited examination for patent applications under the reason of green technology, a person intending to request expedited examination shall attach one original copy of a Written Explanation of Request for Expedited Examination, which explains on what ground the claimed invention constitutes green technology, to a Written Request for Expedited Examination and pay a fee for requesting expedited examination.

If any irregularities are found out during Formalities examination such as non-compliance with the statutory formalities, unpaid fees, etc., amendment shall be ordered to the requester of expedited examination.

For the applications that have passed Formalities examination, an examiner shall make a decision on whether the claimed invention constitutes green technology based on the explanation of the requester.

Where the requester gave no explanation on the claimed invention requested for expedited examination on the ground for green technology or where the claimed invention is deemed irrelevant to green technology based on the explanation given by the requester, an examiner shall order complement a request for expedited examination.

Based on complementation, an examiner shall decide whether the application is related to green technology and the case for the expedited examination. If complementation is not enough, an examiner shall dismiss the request and notify such fact to the requester.

The patent application to be decided as the one for expedited examination shall be examined in 2 months after the decision while the normal applications are expected to be examined in the order of request of examination.

Patent applications directly related to green technology that have received financial support or certification from the state can be reviewed first.

Invention under the accelerated examination system will start to be examined within two months, whereas the general examination will start in the order of filing an application which takes an average of 11.2 months to begin.

THAILAND – ADDITIONAL QUESTIONS

Document: WT/TPR/S/414 Paragraph: 3.179 Page: 106

Question

As the attachments of the Republic of Korea's SPS Notifications are mostly written in Korean and referring to Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), Annex B, paragraph 8 states that *"developed country Members shall, if requested by other Members, provide copies of the documents or, in case of voluminous documents, summaries of the documents covered by a specific notification in English, French or Spanish."*, Thailand would like to request the Republic of Korea to consider providing the attachments of the country's SPS notifications in English, which will, in turn, facilitate other WTO member countries to comply with the Republic of Korea's SPS regulations.

[Answer]

In accordance with the WTO SPS Agreement, Korea provides specific notifications in English, and if any document is attached to the notification, the attachment is provided in Korea, to prevent the misinterpretation of the content.

However, if the partner country has inquiries on the content of the document attached to the notification within the period allowed for comments, the answer is provided in English.

TURKEY**THE GOVERNMENT REPORT (WT/TPR/G/414)****3 Economic Policy, 3.2 Policies to Respond to the COVID-19 Pandemic: Korean New Deal, pg. 5, 3.2**

It is stated in The Government Report that "In late 2019, the unprecedented outbreak of COVID-19 caused a global economic recession and transformational changes to the economic and social system. Against this backdrop, Korea announced the "Korean New Deal" policy in July 2020, as a vision to address the global crisis and be fully prepared for the post-COVID-19 era. The initiative is built upon the three pillars of "Digital New Deal," "Green New Deal," and "Human New Deal." "

Question 1: Will the Korean New Deal have an adverse effect on imports. Will it promote production in Korea?

[Answer]

There has been no analysis on the effect of the Korean New Deal on imports or production.

3 Economic Policy, Green New Deal, pg. 6, 3.5

It is stated in the Government Report that "Environmental conservation and sustainability have assumed a renewed importance in the wake of the COVID-19 pandemic, highlighting greater need for low-carbon and eco-friendly policies. In line with this trend, the Korean government is pushing for a "Green New Deal" with the goal of achieving carbon neutrality by 2050. Key elements of the initiative include: laying the groundwork for carbon neutrality, realizing a green transition in urban, spatial, life infrastructure, promoting low-carbon energy and a distributed energy system, and building an ecosystem for innovation of the green industry."

Question 2: Has an analysis been made to understand the possible effects of Green New Deal on Free Trade Agreements? If exists, could the Republic Of Korea kindly provide further information about these analysis?

[Answer]

There has not been a government-led research on the impact of Green New Deal on the implementation of Korea's bilateral and multilateral trade agreements. Relevant survey or analysis would be conducted when the need arises in the future.

3.3.2. Manufacturing: Becoming a Strong Industrial Powerhouse, pg. 7, 3.14

On page 7 of The Government Report, it is stated that "As part of these efforts, Korea has accelerated the shift towards a smarter and greener industry. Korea has built approximately 20,000 smart factories and seven smart industrial complexes by 2020 to improve the productivity of the manufacturing industry. In addition, Korea has forged working groups for digital transformation in future mobility, home appliances, and other industries, in an attempt to promote the utilization of digital technologies throughout different areas of the industrial ecosystem—encompassing development, production, and consumption. To provide an institutional framework for these efforts, the Korean Government is currently under the process to introduce the Act on Digital Transformation of the Industries."

Question 3: Could the Republic of Korea kindly provide detailed information about their digital new deal in terms of cyber security on smart factories and seven smart industrial complexes?

[Answer]

The Ministry of SMEs and Startups (MSS) have provided a smart factory security guide for SMEs to easily utilize the security requirements, classifying them by level and layer so that it can be used case by case when building a smart factory.

*Level: Basic, Intermediate1, Intermediate2, Advanced

*Layer: Layer 0 Field device, Layer 1 Basic control, Layer 2 supervisory control, Layer 3 operations management, Layer 4-5 enterprise biz system.

4.3 Trade Policies, Digital transition in trade, pg. 12, 4.34

On page 12 of The Government Report, it is stated that "The Korean Government has developed, and has been running, a new service so that consignors and sellers who are engaged in e-commerce can go through the entire export procedures online through the uTradeHub system. The system has also been further improved so that people can conduct export-related tasks efficiently. Information contained in commerce invoices, packing lists, and other export documents is now read by AI and converted into data, which saves effort and time to re-enter the same data during the follow-up processes, such as reserving cargos, requesting inland transportation, and making export declarations."

Question 4: Could the Republic of Korea kindly elaborate on the uTradeHub system for the sake of conducting export related tasks efficiently?

[Answer]

The uTradeHub, the national paperless trade platform, was initiated by the Korean government under the Electronic Trade Facilitation Act. The 3rd party entity owned by Korea International Trade Association was designated as an operator of the platform. The uTradeHub provides various B2B services related to international trade, logistics, customs and cross-border e-commerce.

THE SECRETARIAT REPORT (WT/TPR/S/414)

4.5.6 Distribution services with a specific focus on e-commerce, E-commerce, pg. 187, 4.277 On page 187 of the Secretariat Report, it is stated that " E-commerce is mainly regulated under the Act on Consumer Protection in Electronic Commerce (Act No. 15141), which was partially amended in November 2017. The authorities state that this Act is currently being fully revised, and the pre-announcement of legislation was made in March 2021."

Question 5: Could the Republic of Korea give further information regarding the key outcomes derived from the Act on Consumer Protection in Electronic Commerce (Act No. 15141) in terms of the new revision of the act amended in 2017?

[Answer]

Under the new revision of the act amended in 2017, administrative fines cannot be imposed on acts that penalty were imposed on.

UNITED KINGDOM**SECRETARIAT REPORT (S414)****SECRETARIAT REPORT (S414)****3 TRADE POLICIES AND PRACTICES BY MEASURE****3.1 Measures Directly Affecting Imports****3.1.5 Import prohibitions, restrictions, and licensing****3.1.5.3 Licensing****Paragraph 3.61**

UK Question 1: The UK notes that import licensing requirements apply to crop seeds and the UK has studied reference document G/LIC/N/3/KOR/13 to identify the relevant legislation and administrative organisations. The UK has not been able to locate the technical standards that each species must meet at field inspection and seed examination. According to the Seed Industry Law, we understand that these are prescribed by the Ministry of Agriculture and Forestry. Where are the technical standards published and are they publicly available?

[Answer]

Technical standards about field inspection and seed examination of seeds are prescribed in guidelines of seed management (Public notice of the MAFRA No.2021-23) based from Seed Industry Act.

SECRETARIAT REPORT (S414)**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.1 Measures Directly Affecting Imports****3.1.5 Import prohibitions, restrictions, and licensing****3.1.5.3 Licensing****Paragraph 3.61**

UK Question 2: The Secretariat report mentions that some licensing is in place to safeguard the environment, and that this might apply to food products. Do any licensing programmes apply to food commodities for the purpose of safeguarding the environment, e.g., to prevent deforestation?

[Answer]

In Korea, there are certain laws stipulating import licensing procedures with the aim of safeguarding the environment ("Act on the Conservation and Use of Biological Diversity" and "Wildlife Protection and Management Act") and protecting human life and health ("Special Act on Imported Food Safety Control" and "Food Sanitation Act"). However, there is no licensing programme applying food commodities for the purpose of safeguarding the environment as of now.

SECRETARIAT REPORT (S414)**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.3 Measures Affecting Production and Trade****3.3.3 Sanitary and phytosanitary requirements****3.3.3.1 Food standards-setting framework****Paragraph 3.163**

UK question 3: The Secretariat report states that the requirement for Hazard Analysis of Critical Control Point (HACCP) certification applies to foreign food facilities. Does "foreign food facilities" refer to facilities manufacturing food products using imported food ingredients/components? Do HACCP principles also apply to the production of domestic products?

[Answer]

A Foreign Food Facility" refers to a facility located overseas which produces, manufactures, processes, treats, packages, stores, etc. food products intended for export to the Republic of Korea, except for livestock products. The HACCP application has already been mandatory for domestically produced food products specified by ordinance of the Prime Minister

SECRETARIAT REPORT (S414)
3 TRADE POLICIES AND PRACTICES BY MEASURE
3.3 Measures Affecting Production and Trade
3.3.3 Sanitary and phytosanitary requirements
3.3.3.2 Quarantine regulations
Paragraph 3.173

UK question 4: The Secretariat Report states that SPS measures are taken mainly against diseases that are foreign/unknown to the Republic of Korea and which are subject to strict domestic control measures. Could the Republic of Korea please provide greater detail regarding the SPS measures taken against exotic diseases?

[Answer]

In case of plant quarantine, pests that are expected to bring significant impact on the host plant upon entry into Korea are designated as prohibited pests in accordance with the Plant Protection Act, and the import of the concerned host plant is prohibited. To import such prohibited plant into Korea, the Import Risk Analysis will be carried out and import health requirements are established. Moreover, in case regulated pest is found during the import quarantine process, appropriate measures will be taken, such as disinfection, destruction and return of the products.

As for animal quarantine, in case of a new disease never detected in Korea, which has been already designated as controlled disease by the OIE and has trade standards, if the disease breaks out in the exporting country, appropriate SPS measures will be taken, in accordance with the Act on the Prevention of Contagious Animal Disease.

SECRETARIAT REPORT (S414)
3 TRADE POLICIES AND PRACTICES BY MEASURE
3.3 Measures Affecting Production and Trade
3.3.7 Intellectual property rights
Paragraph 3.255 Geographical Indications

UK Question 5: "...the Unfair Competition and Trade Secrets Protection Act protects unregistered GIs when their protection under the Trademark Act or the Agricultural and Fishery Products Quality Control Act has become ineffective." Could the Republic of Korea provide some examples of situations where unregistered GIs no longer have effective protection under either the Trademark Act or the Agricultural and Fishery Products Quality Control Act?

[Answer]

An unauthorized use of a GI protected under a FTA signed by Korea cannot be protected under the Trademark Act or the Agricultural and Fishery Products Quality Management Act, but can be protected under the Unfair Competition Prevention Act.

SECRETARIAT REPORT (S414)
3 TRADE POLICIES AND PRACTICES BY MEASURE
3.3 Measures Affecting Production and Trade
3.3.7 Intellectual property rights
Paragraph 3.256 Geographical Indications

UK Question 6: Under the Republic of Korea's trademark legislation, trademarks consisting of a "conspicuous geographical name" are not granted protection. Could the Republic of Korea elaborate on what would constitute a "conspicuous geographical name"?

[Answer]

A trademark with a conspicuous geographical name or its abbreviation alone cannot be registered as a trademark (ex. Oxford, Manhattan, Georgia).(Trademark Act 33(1)(iv))

SECRETARIAT REPORT (S414)
3 TRADE POLICIES AND PRACTICES BY MEASURE
3.3 Measures Affecting Production and Trade
3.3.7.3 Enforcement
Paragraph 3.280

UK Question 7: The Korean Intellectual Property Office (KIPO) introduced a reward system to encourage the reporting and distribution of counterfeit goods. How does that system work and what is the process for taking enforcement action?

[Answer]

When a person files a report to the Korean Intellectual Property Office regarding someone who manufactures or sells counterfeit products, a reward will be paid to the informant if enforcement is carried out and the case is sent to the prosecutor's office.

SECRETARIAT REPORT (S414)**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.3 Measures Affecting Production and Trade****3.3.6.3 Public Procurement Service****Paragraph 3.223**

UK Question 8: Could the Republic of Korea clarify whether all tender-related information is easily accessible in English on the Public Procurement Service? Can foreign-owned companies register and use this service?

[Answer]

Summarized announcements of tender information are offered in English and foreign-owned companies can register and join the international biddings led by PPS.

SECRETARIAT REPORT (S414)**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.3 Measures Affecting Production and Trade****3.3.6.1 Legislation****Paragraph 3.216**

UK Question 9: How does the Republic of Korea classify an "Environmentally Friendly Product", and how is this criteria evaluated during tender evaluation?

[Answer]

"Environmentally Friendly Products" are classified as follows: first-rated energy efficient products, high efficiency energy using appliances, products with a certification of new and renewable energy facilities, products with a certification of eco-label, excellent recycled products, etc.

Awarding a bid is made through a limited competitive bidding to restrict qualification for bidding participation to products with a green quality certification or by selecting a bidder who proposes the most economically reasonable price under the estimated price in comprehensive consideration of bidding prices, product quality, etc. in accordance with Article 44 of ENFORCEMENT DECREE OF THE ACT ON CONTRACTS TO WHICH THE STATE IS A PART. A method to determine a successful bidder based on quality, etc. is applied to products rated for energy efficiency (e.g. pumps and freezers) and products whose performance and carbon emissions are all evaluated (e.g. air conditioners, LCD monitors, printers and air purifiers). Evaluation standards vary depending on product type. Air conditioners, for instance, are comprehensively evaluated both for performance (cooling power consumption, cooling capacity, standby power) and carbon emissions throughout the entire stages of product life cycle.

SECRETARIAT REPORT (S414)**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.3 Measures Affecting Production and Trade****3.3.6.2 Procurement Methods****Paragraph 3.221**

UK Question 10: Could the Republic of Korea elaborate on why they believe the share of direct contracting increased from 18.7% to 20.3% between 2016 and 2019?

[Answer]

The reasons for the increase in the share of direct contracting can be found in the following cases.

- A single applicant joins the competitive bidding which have been held more than twice.
- The target product is produced or owned by a single company
- Parts replacement or expansion of the equipment, both already procured, are needed
- Emergencies
- Certain technologies (patents, for instance) owned by a single company are needed

SECRETARIAT REPORT (S414)
3 TRADE POLICIES AND PRACTICES BY MEASURE
3.3 Measures Affecting Production and Trade
3.3.3 Sanitary and phytosanitary requirements
3.3.3.2 Quarantine regulations
Paragraph 3.175

UK Question 11: Does the Republic of Korea have a plan to recognise a regionalisation scheme for European countries?

[Answer]

Korea recognizes the concept of regionalisation in accordance with the international standards and domestic legislation.

However, import risk assessment is carried out by each country, taking into account the situation of animal disease outbreaks in those countries, and if there is any request for the acceptance of regionalisation, it could be recognized if the results of the assessment on the safety of animal products are favorable according to the relevant procedures.

SECRETARIAT REPORT (S414)
3 TRADE POLICIES AND PRACTICES BY MEASURE
3.3 Measures Affecting Production and Trade
3.3.3 Sanitary and phytosanitary requirements
3.3.3.2 Quarantine regulations
Paragraph 3.176.

UK Question 12: Could the Republic of Korea outline the expected timeframes for other European countries to obtain import permits for beef from the Republic of Korea?

[Answer]

Korea carries out import risk analysis on the application of market access by each country, in accordance with the domestic regulations.

It is difficult to provide the expected time frame as each country will take different amount of time for relevant procedures, depending on timing and content of the animal health questionnaire submitted by the exporting country, as well as on-site audit situation and disease outbreak situation.

SECRETARIAT REPORT (S414)
4 TRADE POLICIES BY SECTOR
4.5 Services
4.5.3 Financial Services
Paragraph 4.165/169

UK Question 13: What are some other examples of "certain regulatory entry barriers" that the FSC lowered and abolished in addition to minimum paid-in capital?

[Answer]

Introduction of an internet only bank

- Loosening limitation regarding stockholding by a non-financial investor for 34%(bank for 4%)
- 3 year grace period to meet Basel 3 capital adequacy ratio

Introduction of an insurance business specialized in small and short term insurance

- Loosening minimum capital for KRW 2 billion (an insurance company : KRW 5~20 billion)
- Diversifying insurance products including liability, cost, weather, pet, etc.
- 1-year insurance period

SECRETARIAT REPORT (S414)
4 TRADE POLICIES BY SECTOR
4.5 Services
4.5.3 Financial Services
Paragraph 4.170

UK Question 14: How many foreign companies are utilising the "Regulatory sandboxes" to introduce their Fin-Tech technology and services? What measures is the FSC using to facilitate this participation from foreign firms?

[Answer]

One foreign company (the Korea branch) is utilising the Regulatory Sandbox program. The FSC, along with the Fintech Center Korea, strives to advertise the Regulatory Sandbox program to foreign companies through press releases and websites.

SECRETARIAT REPORT (S414)**2. TRADE AND INVESTMENT REGIMES****2.3 Trade Policy Objectives****Paragraph 2.13 & 2.14**

UK Question 15: How does the Republic of Korea see the role of bilateral trade cooperation in pursuing its goals of boosting "corporate vitality and innovative growth" as referenced in the Secretariat's report?

[Answer]

Ensuring the "stability and continuity" of business activities is a top priority in the rapidly changing global trade environment in order to boost "corporate vitality and innovative growth". For example, Korea and the UK have already achieved tangible outcomes by preemptively concluding the KOR-UK FTA. Furthermore, it is important that both countries continue our close cooperation with a view to maintaining free and fair trade relations through our FTA, which serves as a solid framework for cooperation.

SECRETARIAT REPORT (S414)**SUMMARY****Paragraph 5.**

UK Question 16: Within the Republic of Korea's network of RTAs, rice is excluded from the coverage. Does the Republic of Korea have plans to gradually open this market over the next 5 to 10 years?

[Answer]

Considering in overall the importance of rice in agriculture and rural economy of Korea and the concerns of the industry, Korea has excluded rice from tariff concession of FTAs, and will maintain its position to exclude rice from tariff concession in future FTAs.

SECRETARIAT REPORT (S414) / SOUTH KOREA REPORT (G414)**1.ECONOMIC ENVIRONMENT / 4.2 REGIONAL AND BILATERAL TRADE COOPERATION****1.1 Main Features of the Economy / 4.2.1 FTA Policies****Paragraph 1.1 / Paragraph 4.2.2**

UK Question 17: The Republic of Korea has a high reliance on manufacturing export-led growth, and this can leave Korea's economy vulnerable to external disruptions in global value chains, such as the Covid-19 pandemic. What policies has the Republic of Korea taken to mitigate potential risks to external disruptions in global value chains?

[Answer]

The Republic of Korea has grown upon the basis of free trade and market economy, and participated actively in global supply chain. Korean government fully devoted itself to protect free trade system and maintenance of global supply chain despite of border closure due to COVID-19. Especially, Korea has implemented policies to allow free movement of human and material resources. In order to ease restrictions with movement of business people, Korean government worked with countries such as Vietnam to provide fast-track entry for entrepreneurs without symptoms of COVID-19, while establishing support center for immigration quarantine exemption of business people. Also, Korea supported smooth movement of goods and materials by expanding flight and shipping operations.

SECRETARIAT (S414)**4 TRADE POLICIES BY SECTOR****4.5 Services****4.5.5 Transport Services****4.5.5.1 Maritime transport****Paragraph 4.241.**

UK Question 18: Under the Ship Act (Article 6), foreign vessels are not permitted to engage in cabotage. However, coastal trade is allowed if specified by law or treaty, approved by the MOF, or if it is to avoid marine accident or marine capture. For example, coastal trade has been allowed to be carried by foreign vessels between Busan and Gwangyang ports since 2003, and between Incheon

and Gwangyang ports since 2005, both with no time limit. Could the Republic of Korea answer the following questions:

- Under what circumstances would the MOF approve foreign ships to conduct cabotage in the Republic of Korea's waters?
- Are there any treaties between Republic of Korea and another country that permit unrestricted cabotage market access? If yes, would the Republic of Korea look to extend this access to other states?
- Does the Republic of Korea consider the following maritime services as cabotage and therefore excluded from foreign flagged vessels?
 - o Bunkering
 - o Dredging
 - o Movement of Empty Containers (when not carried against payment)
 - o Feeder services
- Offshore services (wind and hydrocarbon energy construction and servicing)

[Answer]

Cabotage is allowed when there are other legal grounds, when it is to be distressed from marine accidents or it is to avoid unintended capture, and when there is permission from the minister of MOF.

There are no such treaties that permit unrestricted cabotage market access.

The mentioned services are provided to foreign vessels, thus are not considered as cabotage.

SECRETARIAT REPORT (S414)

4 TRADE POLICIES BY SECTOR

4.5 Services

4.5.6 Distribution services with a specific focus on e-commerce

Paragraph 4.277. / 4.280.

UK Question 19: The Republic of Korea has a general prohibition in force for all alcohol sales via the internet, but there are two exceptions applying to domestic products only, namely, 1) for sales of Korean traditional liquor allowed through online platforms run by public institutions (such as the postal service and those promoting exports); and 2) for licensed restaurants which may sell and deliver beer in conjunction with food sales.

Will the Republic of Korea reconsider its policy and allow e-commerce in imported alcoholic beverages with home delivery, subject to payment being made by credit card to prevent purchase by minors?

[Answer]

This year, there are no plans to revise regulations related to home delivery of alcoholic beverages. However, since last year, "smart orders" for alcoholic beverages have been allowed. This system is a method in which customers order and pay using a smartphone app, and then when liquor reaches the store, the ordered visits the store in person and receives the ordered liquor. In the process, teenagers are restricted from purchasing alcoholic beverages through two times adult authentication(during payment and receipt).

SECRETARIAT REPORT (S414)

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.3.1.1 Taxation

Paragraph 3.96. / 3.100.

UK Question 20: Producers and importers of glass bottles are obliged to conduct a grading procedure to determine the recyclability grade of their bottles, which is then verified, assessed and either confirmed or denied by the Korean Environment Corporation. The Republic of Korea authorities agreed to exempt wine and whisk(e)y (but not other spirits categories) from these labelling requirements. However, the Ministry of Environment has recently decided to charge an additional 20% environment fee on these products from 2022, based on 2021 imported volume, apparently to compensate the labelling exemption benefits. This high level of tax would not apply to all products, including within the category "hard to recycle", in contradiction to the principle of equal treatment under these rules (cf. paragraph 3.100 on page 83 of the Secretariat report). The higher tax imposed on whiskey (and wine) would simply result in a tax discrimination according to GATT Article III.2.

Will the Republic of Korea review its legislation on recyclability labelling and taxation and eliminate the proposed 20% fee on imported whisky?

[Answer]

Packaging materials exempt from the 'Difficult to Recycle' labelling are mandatory to be reviewed every two years in accordance with Article 6 of the 'Packaging Material & Structure Grade Labeling Standards (Ministry of Environment Notice No. 2021-57)'. Recycling contribution rate including its additional rate due to recyclability is deliberated and decided annually by the Joint Steering Committee pursuant to Article 29 of the Act on the Promotion of Saving and Recycling of Resources. The 20% surcharge for recycling contribution is likely to be applied in stages to all "Difficult to Recycle" packaging materials eventually, and only was priorly introduced from 2021 on packaging materials exempt from 'Difficult to Recycle' labelling, including glass bottles used for packaging wine and whiskey.

SECRETARIAT REPORT (S414)

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.3 Measures Affecting Production and Trade

3.3.4 Competition policy and price controls

3.3.4.3 Consumer protection

Paragraph 3.205. / 3.209.

UK Question 21: Under the National Health Promotion Act Enforcement Decree enacted in 1995, broadcast advertising of products exceeding 17% abv is prohibited. As Scotch Whisky is required by law to be sold at a minimum bottling strength of 40% abv, this means that advertising is prohibited. In Korea, the spirits market is dominated by the local spirit, soju (with approx. 97% share) and the majority of the rest is imported Scotch Whisky. In the past, the advertising of soju was similarly restricted as most brands were sold at 20% abv or more, but in recent years lower-strength soju has been developed and is permitted to advertise. It therefore has a considerable advantage over imported spirits such as Scotch Whisky.

Will the Republic of Korea reconsider its policy on the broadcast advertising of alcoholic drinks over 17% alcohol by volume, so that imported spirits sold at around 40% abv are permitted to advertise on the same terms as locally produced soju, some brands of which are now sold at below 17% abv?

[Answer]

The limit of 17% ABV for broadcast advertisements of spirits was introduced to protect the Korean people's health in consideration of their alcohol consumption pattern and is applied to most domestically produced spirits including Soju. The OECD has also recommended that Korea reinforce its regulations on advertisements of alcohol products, in order to prevent harmful consequences caused by alcohol consumption(OECD,2020).

Soju products with over 17% ABV cannot be advertised through broadcast advertisements the same way as imported spirits. As of 2019, more than 70% of Korean Soju products are over 17% ABV and broadcast advertisement is prohibited. Thus, it is hard to say that Korean Soju products benefit from broadcast advertisements.

Also, in Korea, the use of broadcast and printed media for advertising alcohol products is declining while the use of online media is rapidly increasing. There is no limit on the type and ABV of the alcohol products for online advertisements, so imported spirits can equally appear in advertisements online. Therefore, this shows that the Korean government is not treating imported spirits any differently from domestic alcohol products.

In addition, limits in different forms of advertisement for alcohol products based ABV is a policy that is being implemented in the EU and other countries including Spain. The level of ABV is also similar to Korea.

SECRETARIAT REPORT (S414)**2 TRADE AND INVESTMENT REGIMES****2.5 Trade Agreements and Arrangements****2.5.4 Other agreements and arrangements****2.5.4.1 Asia-Pacific Economic Cooperation (APEC)****Paragraph 2.63**

UK Question 22: Could the Republic of Korea provide additional details on their plans to make further improvements to the mobility of businesspeople? Will these be solely for natural persons from APEC partner countries?

[Answer]

Korea has implemented several measures facilitating essential movement of people across borders. Korea has issued Quarantine Exemption Certificates for those visiting for important and urgent business activities, academic events, matter of public interests, or other humanitarian reasons. Also, Quarantine Exemption Certificates are available for people holding A-1 (Diplomat), A-2 (Government Official), or A-3 (Agreement) visas. Especially, Korea has taken several measures to assist the movement of business people. Korea implemented, upon bilateral arrangement, Special Entry Procedure (called Fast Track Procedure) with various economies to allow business people to carry out economic activities upon arrival in Korea without the 14-day quarantine. In addition, Asia-Pacific Economic Cooperation (APEC) Business Travel Card (ABTC) holders who are granted pre-clearance can enter Korea without the need to apply for a separate visa.

SECRETARIAT REPORT (S414)**4 TRADE POLICIES BY SECTOR****4.1 Services****4.1.1 Tourism****4.1.1.1 Regulatory framework****Paragraph 4.288**

UK Question 23: Could the Republic of Korea provide further details on its plans to ease visa rules?

[Answer]

The Korean government is planning to commence a relaxation policy with regards to the multiple-entry visa for Chinese individuals and expand the issuance of the visa to VIP members whose Zhima scores are higher than 780 (credit evaluation system for Alibaba users) and Cardholders of UnionPay premium credit card. The relaxation policy for multiple-entry visa was to commence from 11 January 21. However, due to COVID-19, all multiple-entry visa issuance is currently temporarily suspended, and the new policy will be applied beginning from the resumption of multiple-entry visa issuance.

SECRETARIAT REPORT (S414)**4 TRADE POLICIES BY SECTOR****4.4.2 Automotive****Paragraph 4.142**

UK Question 24: What type of hydrogen will the 180 new hydrogen stations produce? [The answer may refer to the hydrogen colour spectrum, although it is recognised that there are no internationally-accepted definitions for these colours, so an explanation of the production process would be a sufficient alternative.]

[Answer]

The cumulative 180 hydrogen refuelling stations to be installed by 2021 will be supplied as gray hydrogen based on by-product hydrogen or reformed hydrogen. However, we plan to expand the proportion of green hydrogen based on renewable energy for hydrogen supplied to charging stations.

SECRETARIAT REPORT (S414)**SUMMARY****Paragraph 23**

UK Question 25: Does the Republic of Korea's 2050 net-zero target include emissions produced by international maritime and aviation?

[Answer]

The first draft of 2050 carbon neutrality scenarios released in August 2021 does not have a specific category for international shipping and aviation emissions reduction. However, the scenarios include strategies to reduce emissions from transportation sector, by increasing the use of biofuels and adopting more eco-friendly modes of transportation in shipping and aviation.

SECRETARIAT REPORT (S414)**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.3 Measures Affecting Production and Trade****3.3.3 Sanitary and phytosanitary requirements****3.3.3.2 Quarantine regulations****Paragraph 3.175**

UK Question 26: When will the Republic of Korea notify the WTO of improvements they have made, or intend to make, with regards to seafood testing?

[Answer]

With regards to seafood testing, Korea is notifying its revision plans in accordance with the WTO SPS Agreement before the end of the revision process.

SECRETARIAT REPORT (S414)**4 TRADE POLICIES BY SECTOR****4.3 Mining and energy****4.3.2 Energy****4.3.2.6 New and renewable energy****Paragraph 4.121**

UK Question 27: Could the Republic of Korea elaborate on and share details regarding its process towards meeting renewable energy targets?

[Answer]

In order to accelerate the supply of renewable energy, the mandatory RPS ratio has been raised, and large offshore wind power and solar energy projects are being actively promoted.

SECRETARIAT REPORT (S414)**2 TRADE AND INVESTMENT REGIMES****2.4 Trade Laws and Regulations****2.4.1 Regulatory reform****Paragraph 2.167**

UK Question 28: Are the results and reports of the testing undertaken in regulatory sandboxes publicly available? What international cooperation would be possible as part of these regulatory sandboxes? With regards to regulation-free Special Zones, how are consumer/public health and safety measures ensured?

[Answer]

Related data such as results and reports of the "Regulatory Exceptions for Demonstration" are not shared externally because they include corporate trade secrets. All data are used for revision of the law, and if the demonstration ends reasonably and successfully, reports are being used to amend the regulation.

Industrial Convergence Regulatory Sandbox is open to both domestic and foreign companies, so anyone who intends to do business in Korea can apply. Since we have been operating regulatory sandbox based on business rather than research and development, if there is a business operator who wants to advance overseas, we can consider establishing a safety standard cooperation system for each country. In addition, international standard cooperation is already underway as another project by KATS(Korean Agency for Technology and Standards).

In the case of Industrial Convergence Regulatory Sandbox, demonstration projects are given by prioritizing public safety, environmental, and public interests from the stage of deliberation. Efforts are being made to minimize side effects by first checking consumer and public health and safety measures by implementing Temporary permission as well as Regulatory Exception for Demonstration, and strictly presenting conditions for granting special cases

SECRETARIAT REPORT (S414)**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.3 Measures Affecting Production and Trade****3.3.2 Standards and other technical requirements****3.3.2.1 Standards, testing, and certification****Paragraph 3.134**

UK Question 29: Could the republic of Korea share details regarding key objectives for the 5th National Standards Plan?

[Answer]

5th National Standards Plan consists of four key objectives as follows :

1. Developing international standards for digital and low-carbon technologies
2. Supporting business innovation such as expanding test and certification services
3. Promoting standardization for a safe and convenient life of the people
4. Establishing the foundation for standardization such as Reinforcement the link between R&D and standardization.

SECRETARIAT REPORT (S414)**2 TRADE AND INVESTMENT REGIMES****2.4 Trade Laws and Regulations****2.4.1 Regulatory reform****Paragraph 2.15**

UK Question 30: Are any regulatory proposals by central administrative agencies ever overturned because of the RRC intervention?

[Answer]

The Regulatory Reform Committee (RRC) has the authority to make a final decision on the regulatory proposals, such as "approval", "recommendation for revision", and "withdrawal". Without the RRC's clearance, the regulatory proposal or bill cannot be enacted into a law.

SECRETARIAT REPORT (S414)**3 TRADE POLICIES AND PRACTICES BY MEASURE****3.1 Measures Directly Affecting Imports****3.1.3 Tariffs****3.1.3.1 Applied MFN rate****Paragraph 3.333**

UK Question 31: Does the Republic of Korea envision adjusting its tariff rates?

[Answer]

Currently Korea does not plan to reduce the tariff rates. But, Korea has implemented the tariff concession precisely without delay according to WTO agreement such as ITA Expansion. And, a number of FTAs and multilateral trade agreements in which Korea participated are having the effect of lowering tariff rates.

SECRETARIAT REPORT (S414)**4 TRADE POLICIES BY SECTOR****4.1 Agriculture and Livestock****4.1.2 Policy, institutional, and regulatory developments****Paragraph 4.14**

UK Question 32: Does the Republic of Korea have any plans to reconsider the equity limits that apply to foreign investment in the beef cattle and meat wholesale sectors?

[Answer]

As set forth by Article 4 of the Foreign Investment Promotion Act, Korea does not restrict foreign investment except in the following circumstances: ① Where he or she threatens national security and public order, ② Where he or she has harmful effects on public health and sanitation or environmental preservation and so on.

However, in case of beef cattle raising business, The livestock industry takes up a significant portion of total agricultural output value (40 percent in 2019). Accounting for a large share of the livestock industry, the Korean cattle sector is an industry where the related industries such as feed and dairy

farming are integrated. The sector is open from 2001 allowing foreign investment up to 50 percent. Also, Meat wholesale business is open from 2001 allowing foreign investment up to 50 percent.

GOVERNMENT REPORT (G414)

3 ECONOMIC POLICY

3.1 Core Values of Economic Policies: Innovation, Inclusion, and Fairness

Paragraph .1.2

UK Question 33: Could the Republic of Korea please specify which "unnecessary regulations" it is lifting to enable greater innovation?

[Answer]

Since January 2019, the Korean government has been operating the Regulatory Sandbox program to allow for various experiments of potentially innovative technologies that had been stalled otherwise under the incumbent regulatory framework. 509 cases of regulatory sandbox have been approved, followed by revamping 121 regulatory laws and system improvement. Among them, representative examples of regulatory improvement are as follows.

- Electronic vehicle charging business : (Existing regulation) Under the past 'Electricity Business Act', it was only possible to register as an electric vehicle charging business operator if it has equipped with a plug-type charging facility. → (improved) Revised the 'Electricity Business Act' to enable electric vehicle charging business using general electric sockets, not limited at a certain type.
- (Existing regulation) Under the past 'Food Sanitation Act', business operators who wanted to manufacture, cook and sell food had to demonstrate one's office or kitchen compartment without sharing other business → (improved) Revised the 'Food Sanitation Act' to enable start-ups in which several operators shared one kitchen.

GOVERNMENT REPORT (G414)

3 ECONOMIC POLICY

3.1 Core Values of Economic Policies: Innovation, Inclusion, and Fairness

3.3.3. Energy: Achieving Sustainable Growth and Enhancing Quality of Life through Energy Transition

Paragraph 3.3.3.19

UK Question 34: The Republic of Korea's report states that the "5th Master Plan for New and Renewable Energy" covers comprehensive policies on renewable energy sources such as hydrogen. Could the Republic of Korea please explain how these policies incorporate effective collaboration with partner countries, particularly in areas such as offshore wind and hydrogen?

[Answer]

For cooperation with various countries, we have signed mou or are continuing to make efforts to discover policy and technology cooperation issues such as policy sharing and joint R&D.

GOVERNMENT REPORT (G414)

4 TRADE & INVESTMENT POLICY

4.2 Regional and Bilateral Trade Cooperation

4.2.1 FTA Policies

Paragraph 4.2.1.28

UK Question 35: Could the Republic of Korea specify which digital agreements it is proactively exploring, in addition to the DEA with Singapore and the DEPA?

[Answer]

Korea recognizes the importance of electronic commerce in the digital economy era and is expanding the establishment of digital trade rules with like-minded countries. We are currently negotiating a Digital Partnership Agreement with Singapore and are in the process of joining the Digital Economy Partnership Agreement (DEPA) with Singapore, New Zealand and Chile. Korea and Chile are also negotiating a digital economy chapter under the improvement negotiations for the current Korea-Chile FTA. Regardless of the type or legal structure of the digital agreement, Korea is interested in establishing digital partnerships that achieve a high level of liberalization from the perspective of trade rules and emphasize cooperation in the digital field.

GOVERNMENT REPORT (G414)
4. TRADE AND INVESTMENT POLICY
4.1 Multilateral Trade Cooperation
4.1.1 WTO Negotiations
Paragraph 4.3

UK Question 36: In order to implement the rules of 'Trade Facilitation Agreement (TFA)', Korea introduced the UNI-PASS system. How much is its utilisation rate among exporters and importers and how does the system work to protect the personal data, while ensuring transparency and effectiveness?

[Answer]

In order to use UNI-PASS, exporters/importers must go through verification processes by KCS (e.g. corporate registration number verification). KCS-approved businesses must register for authorization certificate, and only those authorized can use the system. For security reasons, UNI-PASS utilizes one-way encryption, and sensitive personal information from customs clearance is encrypted to prevent leakage. Also, all information about the exporters/importers that use UNI-PASS is encrypted before it is sent.

GOVERNMENT REPORT (G414)

2. ECONOMY AND TRADE
Robust economic growth and employment
Paragraph 2.2

UK Question 37: The Republic of Korea has implemented a set of policies under a vision of 'human-centric and sustainable economy' under the current government, and one of these covered job creation. How does the Republic of Korea assess its performance? What are some of the key areas the Republic of Korea is investing for job creation?

[Answer]

<Performance assessment of job creation policy>

The Moon jae-in administration has focused on improving the quality of life of low-income workers and bridging the gap within the labor market including through raising the minimum wage, establishing the 52 hour workweek, enhancing the coverage of unemployment benefits, and converting non-regular workers to regular status. It has actively supported employment retention and creation in the private sector with the Job Stability Fund, the Comprehensive Measures for Youth Employment (strengthened support for 'jobseeking-recruitment-retention' process), etc., while making efforts to expand job opportunities for the vulnerable in the public sector. As a result, the employment rate has increased (2016: 66.1% → 2019: 66.8%), and the share of low-income workers has decreased (2016: 23.5% → 2019: 17.0%) until 2019, indicating that both quantity and quality of employment have continued to improve. During the COVID-19 pandemic, the government has swiftly responded to the crisis by ①actively supporting employment retention, ②providing livelihood support for those in the blindspot of the employment safety net such as the dependent self-employed-freelancers, ③creating public-private jobs, and ④expanding the employment safety net. These efforts have enabled Korea to mitigate its employment shock relatively well compared to other OECD countries and to maintain its employment improvements to recover 99.6% level of shortly before the COVID-19 crisis (Feb. 2020, the number of the seasonally adjusted employed as of Aug. 2021).

<Key areas of investment for job creation>

With a view to create quality private jobs, the Korean government has endeavored to promote innovation and reinvigorate the industrial ecosystem. In order to support the growth of "The Second Venture Boom," it has reinforced its support by phase of growth from business startup, growth, withdrawal of profit to re-challenge and made sustained efforts to overhaul the regulatory system and eliminate major regulations including through introducing the regulatory sandbox and the regulation-free special zone. Furthermore, it has concentrated on supporting the strategic investment areas such as the "D.N.A(Data, Network, and AI)" and "BIG 3(System semiconductor, Biohealth, and Future cars)" areas to seek new growth engines. Meanwhile, under the present situation where the labor market dualism is further exacerbating, it has pursued mutually beneficial local jobs, a sustainable job model based on the cooperation among labor, management, the local governments, and civil societies. Gwangju-type jobs, the first model of mutually beneficial local jobs,

were created through social agreement, and a finished vehicle assembly plant was newly established in the country in 23 years. Eight regions where these social agreement were reached are expected to attract new investment of KRW 51 trillion (approx. USD 4.3 billion) and create 130,000 jobs.

GOVERNMENT REPORT (G414)

2. ECONOMY AND TRADE

Maintaining status as a key player in trade

Paragraph 2.4

UK Question 38: Despite the fact that the Republic of Korea has maintained a trade surplus over the last decade including the review period, the Republic of Korea dropped from 6th (2016 report) to 7th (2021 report) in the global export volume. What does the Republic of Korea see as some of the reasons underpinning this?

[Answer]

The drop from 6th(2015) to 7th(2020) in the global export volume resulted from the remarkable performance of Hong Kong in 2020 whose export value increased even under COVID-19 crisis.

3. ECONOMIC POLICY

3.3.2. Manufacturing: Becoming a strong industrial powerhouse

Paragraph 3.13-3.14

UK Question 39: The Republic of Korea government has implemented industrial policies under the 'Manufacturing Renaissance Vision and Strategy' and built approximately 20,000 smart factories and 7 smart industrial complexes. How many companies have participated in this project, and what are the sectors predominantly represented? Have foreign companies been able to participate? How much have transformation efforts contributed to the manufacturing sector's growth and the Republic of Korea's GDP?

[Answer]

The Korean government has promoted the 'smart green industrial complex' policy as part of the Korean New Deal announced in Jul. 2020. A total of 37,000 companies are located in the smart green industrial complexes, and the companies are involved in various fields ranging from machinery, electricity and electronics to petrochemicals. Foreign companies can participate in projects related to smart green industrial complexes. Currently, Dassault Systems and other foreign companies participate in digital projects. As various projects related to carbon neutrality of the industrial complexes will be promoted, it is expected that a lot of renewable energy companies will participate. The projects are expected to create results, such as improvement of old industrial complex infrastructure and promotion of new industries by companies at the industrial complexes.

GOVERNMENT REPORT (G414)

3. ECONOMIC POLICY

3.3 Measures Affecting Production and Trade

3.3.3 Energy: Achieving Sustainable Growth and Enhancing Quality of Life through Energy Transition

Paragraph 3.19-3.21

UK Question 40: Given the objectives of net zero in 2050 and increased renewable energy deployment by 2034 to 25.8%, what is the role that the Republic of Korea sees for trade policy in promoting and sustaining this transition to a decarbonised electricity grid?

[Answer]

As the need to move toward a greener economy is growing, the policy direction for so-called green trade is expected to increase. In particular, the carbon neutrality can become a new regulation for small and medium-sized enterprises (SMEs) with relatively limited financial resources or information. In this respect, the Government would have a role to play in enhancing the capability of exporting SMEs and burgeoning SMEs to comply with procedures to achieve the carbon-neutral goal and use it as an new opportunity to expand their entry into the global market.

GOVERNMENT REPORT (G414)**ECONOMIC POLICY****3.3 Measures Affecting Production and Trade****3.3.4 Services: Building the Foundations for Trade in Services****Paragraph 3.23**

UK Question 41: The Republic of Korea's plan of increasing quantity and quality of data on trade in services is encouraging and would help evidence-gathering for different policy proposals. Will environmental services be delineated within this dataset?

[Answer]

Discussion is undergoing to improve trade in service statistics with related agencies, but nothing has been specified so far.

GOVERNMENT REPORT (G414)**3 ECONOMIC POLICY****3.5 Green New Deal****Paragraph 3.5**

UK Question 42: Is the carbon neutrality target going to be translated into legislation?

[Answer]

In September this year, the government enacted the Framework Act on Carbon Neutrality and Green Growth, which enshrines the 2050 vision and its implementation mechanism in law. As a mid-term target to achieve the 2050 long-term goal, the Act provides the range of a 2030 NDC target to be 35% or higher from the 2018 level.

GOVERNMENT REPORT (G414)**4 TRADE AND INVESTMENT POLICY****4.3 Trade Policies****4.3.2 Digital Transition in Trade****Paragraph 4.3.4.32-34**

UK Question 43: Regarding the Republic of Korea's uTradeHub:

- a) Will the improved uTradeHub be used to collect stats on e-commerce?
- b) Is the platform run directly by the South Korean government or a 3rd party, who has access to the information held on the repository and relay system, and how long is this data retained?
- c) Does a company using the system have any control over the data held on them?
- d) Noting that the platform uses AI to read and convert data, is this in respect of information/documents held on the repository and relay system or would the AI require access to other systems, such as banking services, UK logistics firms, etc.?
- e) Is the data retained on the uTradeHub platform used for any other purposes than the facilitation of paperless trade?

[Answer]

No. Some of the new features of uTradeHub support cross-border e-commerce transactions, but it does not cover statistics one-commerce.

A 3rd party, Korea Trade Network, operates uTradeHub. The Operator may disclose information without infringing the company's trade secrets or harming national security.

Trade documents (Certificate of Origin, Purchase Certificate, and others) are supposed to be kept on the uTradeHub repository for a minimum of three years by Electronic Trade Facilitation Act.

The user may request copies of information (or electronic record) on the repository and relay system. But the information (or electronic record) on the repository or relay system can't be deleted or removed within three years.

AI reads data on the uTradeHub system only. The data can be used for trade promotion purposes in a limited way without infringing the company's trade secrets or harming national security.

GOVERNMENT REPORT (G414)

3 ECONOMIC POLICY

3.3 Sectoral Policies

3.3.4 Services: Building the Foundation for Trade in Services

Paragraph 3.3.4.23

UK Question 44: Identifying/tracking exports and imports in services trade is complex and a lack of strong data is an issue for services trade. In that context:

- a) Does the Republic of Korea propose any solutions to address this?
- b) How is the Republic of Korea detailing the statistics they are devolving, and when will these be published?
- c) Will the Republic of Korea use the same categories of data that they use for domestic statistics?

[Answer]

Discussion is undergoing to improve trade in service statistics with related agencies, but nothing has been specified so far.

GOVERNMENT REPORT (G414)

3 ECONOMIC POLICY

3.3 Sectoral Policies

3.3.2 Manufacturing: Becoming a Strong Industrial Powerhouse

Paragraph 3.17

UK Question 45: How does the Republic of Korea plan to involve the international community in the development of their proposed 300 international standards by 2023?

[Answer]

KATS has undertaken efforts to connect the R&D(Research and Development) achievements in the fields of the Fourth Industrial Revolution to the standards.

Also, KATS contributes to promoting the international standardization in the fields of the Fourth Industrial Revolution by proposing the results as international standards of ISO, IEC, etc.

UNITED STATES

Part I. Questions based on the Secretariat Report (WT/TPR/S/414)

SUMMARY

Page 11, paragraph 11:

1. Please provide additional detail about the tax and non-tax benefits for repatriating Korean companies, including those providing information technology services and information communication firms. What is the value of these benefits and what other sectors are these benefits provided to?

ANSWER:

(Tax benefit) Tax Reduction and Exemption for Companies Closing Overseas Business Places and Returning to Korea (RESTRICTION OF SPECIAL TAXATION ACT§104-24. Viewed at: <https://www.law.go.kr/engLsSc.do?menuId=1&subMenuId=21&tabMenuId=117&query=%EC%A1%B0%EC%84%B8%ED%8A%B9%EB%A1%80%EC%A0%9C%ED%95%9C%EB%B2%95>).

The income accrued from the place of business after so returning shall be fully exempted from income tax or corporate tax, for the taxable year in which the first income accrues from the place of business after the date of return, and the two subsequent taxable years from the date the following taxable year commences; and income tax or corporate tax on such income shall be reduced by 50/100 for the two subsequent taxable years thereafter.

Companies moving their businesses abroad for more than two years to Korea are exempt from tariffs on capital goods imported by the end of December 2021 (complete return 100%, partial return 50%).

1 ECONOMIC ENVIRONMENT

Page 24, paragraph 1.12:

2. Please clarify what new growth-engine industries are provided tax incentives.

ANSWER:

Korea provides tax incentives to the R&D of technologies in future cars, intelligent information, next-generation security software technology, content, next-generation electronic information, next-generation broadcasting and communication, bio, health, new energy industries, etc., and also provides tax incentives to facility investment in commercializing these technologies.

2 TRADE AND INVESTMENT REGIMES

Page 38, paragraph 2.17:

3. The paragraph notes the introduction of "regulation-free special zones" for experimentation of innovative technologies. What are the procedures for requesting a new "special zone" for innovative technologies? Can stakeholders based outside Korea request the creation of a "special zone?"

ANSWER:

(Procedure) The heads of a non-metropolitan region establish a plan for a special zone and apply for the Ministry of SMEs and Startups→ Review the plan for a special zone (government ministries + experts) →A special zone committee deliberation for designation (government + private sector, presided over by the Prime Minister)

(Stakeholder request) In order to receive the benefits of Act on Special Cases concerning the regulation and financial support as special zone businesses, they must be businesses within the special zone.

Page 52, Table 2.4

4. The table details occupancy requirements for FTZ benefits that appear to be conditioned on having a 50% export percentage. Is that correct? Please explain how this incentive is consistent with the SCM Agreement.

[ANSWER]

FTZ is a rental special economic zone created mainly by exporters to ensure free trade activities, and companies that want to move into FTZ meet a certain export share (different industries) as a requirement for occupancy qualification.

* In the case of manufacturing, 50% of large companies, 40% of medium-sized companies, and 30% of small and medium-sized companies by company size.

The proportion of exports is not a condition to provide occupancy benefits to specific companies (industries), but a basic occupancy qualification imposed to achieve the purpose of creating FTZ, which is to create an integrated complex centered on export companies. Both domestic and foreign-invested companies can move into FTZ under the same conditions, and do not give conditions for preferential treatment or restrictions on specific companies (industries).

In fact, FTZ occupant companies include various industries such as electronics, electrics, machinery, chemistry, shipbuilding, agricultural machinery, auto parts, and logistics industries, and small and medium-sized companies account for 98.1% (as of 2019) in terms of size. In addition, foreign-invested companies account for more than 50%.

These incentives do not violate the WTO subsidy agreement as they do not constitute state-provided financial support other than customs reservations applied to ordinary bonded areas and lease of land and buildings provided and FTZ exports to third countries do not cause damage to the other parties.

3 TRADE POLICIES AND PRACTICES BY MEASURE

Page 54, paragraph 3.6:

5. The paragraph describes the utility of the UNI-PASS system to handle customs clearance. Are there any types of shipments that are not allowed to use the UNI-PASS system?

ANSWER:

Every shipment is administrated by UNI-PASS, be it import, loading, storage, transport, or clearance. However, as for postal items, only those subject to customs clearance are administrated by UNI-PASS.

Page 55, paragraph 3.7:

6. The Secretariat Report states, "Considering the need for interconnectivity with neighboring countries and foreign customs in achieving the objective of a global single window, the UNI-PASS system applies international standards such as World Customs Organization (WCO) Data Model (DM) 3.0, UN Codes, and open technology standards. "Is Korea's UNI-PASS system currently interconnected with any other country's electronic customs systems or single window? If so, with which countries? How is data security handled between the interconnected systems?"

ANSWER:

So far, the UNI-PASS system is not directly interconnected with any other country's electronic customs clearance system or single window system.

Page 56, paragraph 3.10: The Secretariat Report indicates that de minimis clearance is available for consumption goods purchased online.

7. What is the mechanism for determining whether a good has been purchased online versus some other mode of purchase?

[ANSWER]

Korea's CUSTOMS ACT states that customs duties on small-sum goods granted to residents in ROK may be exempted, whether the transaction is made on-line or not. In addition, according to CUSTOMS ACT article 96 and ENFORCEMENT RULE ON CUSTOMS ACT article 48, customs duties on personal effects carried or sent separately by any traveler may be exempted, and exempted duties shall not exceed 600 US dollars.

8. What are the main differences between the express cargo clearance process and the postal clearance process?

ANSWER:

As for express cargo clearance, goods for personal use under USD 150(USD 200 for goods from the US) are cleared when the buyers submit the Item List (omits import declaration). Goods from USD 150 (USD 200 for goods from the US) to USD 2,000 are cleared through the Simplified Import Declaration process. As for postal items clearance, goods for personal use under USD 150 are cleared

after inspection (X-ray and documents) without the need for import declaration. Goods under USD 1,000 go through Simplified declaration procedures.

9. How does each clearance process determine compliance with regulatory or technical requirements?

ANSWER:

As for express cargo clearance, goods for personal use under USD 150 (USD 200 for goods from the US) are cleared when the buyers submit the Item List (omits import declaration). Goods from USD 150 (USD 200 for goods from the US) to USD 2,000 are cleared through the Simplified Import Declaration process. As for postal items clearance, goods for personal use under USD 150 are cleared after inspection (X-ray and documents) without the need for import declaration. Goods under USD 1,000 go through Simplified declaration procedures.

Page 57, paragraph 3.13:

10. With respect to the e-commerce blockchain pilot, which e-commerce entities are involved and which entities contribute to the blockchain? With respect to considerations of a new UNI-PASS platform based on blockchain, how is KCS obtaining input from traders and the private sector?

ANSWER:

KCS did a pilot project on blockchain from 2018 to 2019 regarding three areas: export cargo clearance, C/O exchange among nations, and e-commerce among nations. In 2020, KCS completed a pilot project regarding information exchange, with supply chain businesses, such as merchants on e-commerce, express cargo industries, customs brokers, etc.

Based on the results, we will continue to review the possibility of utilizing blockchain for UNI-PASS. Also, we plan to build a cooperative system with relevant businesses and encourage public participation through briefing sessions.

Page 59, paragraph 3.23:

11. What is the process for traders to correct declarations when they discover a mistake in the data filed? Are the corrections made through UNI-PASS?

ANSWER:

There is a procedure regarding Correction of Errors, which is linked to UNI-PASS. Depending on the date the taxpayer realizes the error, there are four specific procedures: Self-Correction, Application for Revision, Amendment, and Request for Rectification. There is also a procedure that requests the content from the head of a customs office or an application from the taxpayer before any corrections can be made.

Page 73, paragraph 3.1.6:

12. The Secretariat Report states that Korea revised the Enforcement Decree of the Customs Act, which "involved the strengthening of the procedural interest protection of parties, supplementing the investigation procedure, and amending the industry injury investigation procedures." According to the Report, these revisions went into effect on 1 January 2021. When will these revisions be notified to the WTO Committee on Anti-Dumping Practices?

ANSWER:

We will notify it within this year, including other revisions currently being prepared.

Page 90, paragraph 3.124:

13. The 2020 Medical Devices Industry Act contains support provisions for medical device companies to receive a "certification of innovation" for reaching specified thresholds of sales and/or research and development expenditure, allowing them "preferential participation in national projects." Do these provisions sunset at a given time (i.e., once the COVID-19 pandemic ends), or are these provisions permanent?

ANSWER:

The provisions were introduced in April, 2019 to foster an industrial environment that focuses on R&D of innovative medical devices, and are permanent provisions that defined the target and scope of the policy without any relation to the outbreak and spread of COVID-19. Innovative medical devices companies" refers to medical devices companies that conduct R&D and investment activities in Korea, and there are no restrictions on the participation of global companies.

14. Can foreign companies setting up manufacturing or research and development facilities in Korea qualify for this "preferential participation," or does this support only extend to Korean companies?

[ANSWER]

The provisions in question are for nurturing the industry through supporting medical devices companies, and are permanent provisions that defined the target and scope of the support (they were enacted in Apr.2019, and are not provisions enacted for preparing for the outbreak and spread of Covid-19). "Innovative medical devices companies" refers to medical devices companies that conduct R&D and investment activities in Korea, and the restrictions are limited to their sales and R&D investments, thus global companies can participate too.

15. The paragraph states that "[since] April 2021, consultation on tax privileges were under way with the financial authorities." Can Korea provide an update on the status of this consultation?

ANSWER:

The above question is about the part requested to be deleted as it is different from the fact and therefore there is nothing to answer.

Page 80, paragraph 3.89, and page 89, paragraph 3.119:

16. How long does KEXIM plan to continue COVID-19 related programs to support Korean economic growth?

ANSWER:

KEXIM's COVID-19 financing programs have been designed and operated in cooperation with both public and private financial institutions, considering the financial market situation. And depending on the COVID-19 situation, it would be decided whether the program will be continued or not.

Page 80, paragraph 3.89:

Question 17. The report notes that "To strengthen the competitiveness of SMEs, the EXIM Bank continued to expand support, mostly provided in the form of comprehensive export loans for SMEs and trade finance." What are the terms and conditions of these SME loans? How are KEXIM's expanded comprehensive export loans for SMEs different than its standard export credit or trade finance products?

ANSWER:

Comprehensive Export Loan, now we call Export Growth Loan, is a product as indicated in our website with the terms and conditions. The major difference is that the borrowing amount of Export Growth Loan (that is, Comprehensive Export Loan) is based on exporter's past export records, which is intended for client's convenience, while standard export credit and trade finance products are based on each export contract or transaction.

Page 80, paragraph 3.89:

18. KEXIM indicated in an interview with TXF that it is creating a push/pull program (i.e. a program involving support for foreign exporters that source from Korean suppliers). What is the status of this new program?

ANSWER:

Regarding financing support for foreign exporters, KEXIM provides Import Facilitation Loan such as financing to entities (including foreign exporters) that contribute to import transactions.

Page 81, paragraph 3.90:

19. Since K-SURE is reinforcing support for advancement into new markets and innovative industries, is the government determining the amount of risk K-SURE can take on to pursue these goals? If so, what is the risk appetite?

[ANSWER]

K-SURE has established and implemented its operational plan at its own discretion. K-SURE is reinforcing support for advancement into new markets and innovative industries through measures such as expansion of new business opportunities.

- Provision of worldwide reinsurance entailing regional diversification

- Actively taking part in international financing events, as well as improving cooperative relationships with DFIs, MDBs, and other international financial institutions.

Page 88, paragraph 3.118:

20. Please provide additional details on the funds provided by KDB to "industries of the future." Please explain what constitutes an industry of the future and the amount and type of funding provided.

ANSWER:

- Funding Instruments for Supporting Industries of the Future

Names of Funding Instruments	Types of Funding Provided	Target Companies and Use of Proceeds
Innovative Growth Industry Support Program	Loan Investment	All Companies For financing capex, R&D, and workingCapital
Industrial Structure Acceleration Support Program	Loan Investment	SMEs and MEs For financing capex, R&D, and workingCapital
Start-up Support Program	Loan Investment	Start-upsand SMEs For financing capex, R&D, and workingCapital

- The KDB classifies industries of the future into nine macro themes such as advanced manufacturing and automation, renewable energy, and ICT, with a further breakdown of the themes into 300 specific categories. In 2020, the volume of funding provided to companies eligible under the nine thematic categories totalled KRW 21.6 trillion (Loan:KRW 21.1trillion,FixedIncomeinvestment:KRW 0.3trillion,Stockinvestment:KRW 0.2 trillion).

Nine Thematic Categories of Industries of the Future

Themes	#of items	Examples of items
State-of-the-art manufacturing and automation	31	Robot,SmartCar,3Dprinting
Chemicals and new materials	37	Carbonfiber
Energy	40	Clean/Renewableenergy, Energystorage
Environment and sustainability	30	SmartFarm
Health and diagnostics	40	Biosimilar
Information and communications	43	5gnetwork,BigData
Electrical and electronic	29	SystemSemiconductor
Sensor and measurement	23	ADAS,Lidar
Knowledge-based service	27	Game,MediaContents

Page 94, paragraph 3.135:

21. The Secretariat notes that a regulatory impact analysis (RIA) is required under Korean law. Does Korea apply a financial impact threshold over which such analyses must be conducted? Are there other criteria used to determine which legislation is subject to an RIA?

ANSWER:

In Korea, the government is required by the Framework Act on Administrative Regulations to conduct RIA state when establishing a new regulation or reinforcing existing regulations. All regulations defined by the Framework Act on Administrative Regulations fall under the requirement of the RIA, including all primary and secondary laws within the jurisdiction of central administrative agencies. When introducing a new regulation or reinforcing existing regulations, a cost-benefit analysis should be conducted as a part of the RIA. The cost is categorized as direct cost (administrative burdens, direct labor cost, education cost, cost of external service, etc.) and indirect cost.

22. The paragraph notes that KATS is developing a "technical regulatory impact assessment" to review technical regulations. Would this assessment system apply to all reviews, or only those conducted by KATS?

ANSWER:

A "Technical Regulatory Impact Assessment" is conducted on technical regulations that are newly established or strengthened by all Ministries and Government agencies, including the Korean Agency for Technology and Standards (KATS).

Page 94, paragraph 3.136:

23. Can Korea provide a list (or a website) showing which "KS" voluntary standards have been established by Korean ministries in different sectors, such as medical devices, food products, wood, and paper?

ANSWER:

The National Standard Certification Integrated Information System (<https://standard.go.kr>) consolidates and provides information regarding various KSs established by 12 different administrative bodies, including the Ministry of Trade, Industry and Energy, the Ministry of Food and Drug Safety, the Ministry of Agriculture, Food and Rural Affairs, the Korea Forest Service, etc. However, information regarding KS in the Broadcasting & Communication sector, established by the Ministry of Science and ICT, is provided on the National Radio Research Agency's website (<https://www.rra.go.kr/ko/reference/kcsList.do>).

Page 94, paragraph 3.137:

24. Can Korea provide an update on the status of the KATS "national standards coordination projects" for the sectors of "smart health," "next generation steel," and "wearable smart equipment"?

ANSWER:

KATS has completed KS advancement for Smart Health, Next Generation Steel, Wearable Smart Equipment, etc. And as a new national standards coordinator project, KATS is working on promoting Smart Manufacturing, Self-driving Cars, Carbon Neutrality, Electrical and Electronic Systems, Services, and Artificial Intelligence sectors.

Page 96, paragraph 3.145:

25. Does Korea have any plans to increase regulatory capacity, training, and resources to further reduce the lengthy timeframes shown for medical devices requiring health technology assessment?

ANSWER:

Currently, there are four steps in the procedure for registering treatment materials pursuant to the National Health Insurance Act. First, they check the material's safety and efficacy; second, they check its replaceability and cost effectiveness through economic feasibility assessment; third, they assess the appropriateness of reimbursement considering the financial conditions of the health insurance; finally, there is a step of a comprehensive assessment that determines whether it is for reimbursement or non-reimbursement. The current procedure is the minimum procedure that considers the people's safety and for preventing an increase in the people's burden due to the excessively large scale of the health insurance's finance. However, the system of a priority assessment (simplified review) can reduce the time it takes to go through the procedure, for materials that have the equivalent or similar cost effectiveness or functions compared to the items under the same category that are already registered and at the same time being applied for a price below the cap for the items under the same category.

Page 101, paragraph 3.160:

26. The paragraph notes Korea's plan to introduce a "use-by-date" labelling system to inform consumers of a safe consumption period. Please explain if Korea intends to have food products labeled with both an "expiration date" and "use-by-date." If so, will Korea exempt imported products not intended for direct human consumption from the "use-by-date" requirement?

[ANSWER]

Pursuant to the amendment of the Act on Labeling and Advertising of Foods, "sell by date" is replaced by "use by date" and the amendment will come into effect on January 1, 2023. Regardless of usage, whether it be for raw ingredient or for direct human consumption, the products currently subject to the "sell by date" labeling system will be required to be labeled with "use by date."

Page 102, paragraph 3.166:

27. Considering the final date of January 1, 2022, for full implementation of Korea's positive list system covering plant products, please explain if Korea anticipates it will complete all import tolerance application reviews received prior to this date.

ANSWER:

As the Korean government has reiterated via various routes, import tolerances for which applications were filed until 1 June 2021, will be established within this year.

28. Please explain if Korea will permit the entry of food goods under temporary pesticide MRL provisions for those products exported prior to January 1, 2022. Similarly, what import tolerance allowances will be given to agricultural products grown/produced prior to January 1, 2022?

ANSWER:

Temporary MRLs will be applied to food goods shipped before January 1, 2022, since pesticide MRLs are applied to imported foods according to the shipping date.

Page 104, paragraph 3.171:

29. The Secretariat Report states that, in accordance with CODEX guidelines and OECD Biosafety Consensus Documents, safety of LMOs for food is evaluated under the principle of substantial equivalence based on scientifically valid and justified data and that authorities consider that the approval procedure is legitimate and does not lead to unnecessary delays. Korea also notes that its authorities "consider that there were neither overlaps of data requirements nor unnecessary delays in the LMO food-approval process."

Please confirm that the criteria by which Korean authorities assess food safety and environmental risk assessments of biotechnology products and LMOs are based on existing international standards, guidelines, or recommendations such as the Codex Alimentarius or other standards created by standard setting bodies, such as the OIE and IPPC.

ANSWER:

The Ministry of Food and Drug Safety (MFDS) evaluates the food safety of LMOs in accordance with the law and regulations based on the CODEX guidelines, OECD Consensus Documents and Cartagena Protocol on Biosafety.

30. Could Korea please elaborate on its approval procedure for biotechnology products and LMOs, specifically the criteria by which its authorities coordinate and issue requests for further data and information?

ANSWER:

While food safety assessment of LMOs is conducted by the MFDS, environmental risk assessments of LMOs are carried out by the relevant ministries (the Rural Development Administration for crop cultivation environment, the National Institute of Ecology for natural ecosystem, and the National Institute of Fisheries Science for fisheries environment and marine ecosystem). Each committee run by the relevant agencies may request omitted data according to the related regulations and demand for additional information on the applications for clarification. Also, relevant information and explanatory materials can be requested from the applicants for any safety issues.

31. Additionally, can Korea please elaborate on how authorities across ministries including MFDS, the Rural Development Administration, the National Institute of Ecology, and the National Fisheries Research and Development Institution coordinate to ensure that the approval procedure does not encounter unnecessary delays or involve repetitive and/or overlapping data requirements?

ANSWER:

The Republic of Korea carries out LMO approval evaluation in accordance with international agreements and domestic law; and since 2017, it has been making continuous efforts to improve the evaluation process and enhance the efficiency of the evaluation, for example, by minimizing overlapping complementary documents by operating the "Consultative body for risk assessment of LMO."

However, in the environmental risk sector, the Ministry of Agriculture, Food and Rural Affairs is in charge of the crop growing environment, the Ministry of Oceans and Fisheries is in charge of the marine and fisheries environment, and the Ministry of Environment is in charge of the natural environment. The evaluation system has been improved to prevent overlapping. Since there are different areas of competency for environmental risk and the national interest in the issue is high, maintaining the current evaluation system would be inevitable.

32. The paragraph mentions Korea's assertion that there are "neither overlaps in data requirements nor delays in the LMO food-approval process." However, stakeholders continue to report extensive challenges associated with the registration of genetically engineered food and agricultural products in Korea. Please explain why LMO application data requirements extend well beyond global practices and guidelines.

[ANSWER]

The Ministry of Food and Drug Safety(MFDS) evaluates food safety of LMOs in accordance with the law and regulations based on the CODEX guidelines, OECD Consensus Documents and Cartagena protocol on Biosafety.)(While food safety assessment of LMOs is conducted by MFDS, environmental risk assessments of LMOs are carried out by the relevant ministries(the Rural Development Administration for crop cultivation environment, the National Institute of Ecology for natural ecosystem, and the National Institute of Fisheries Science for fisheries environment and marine ecosystem. The standard of LMO risk review/assessment would vary by countries.

- We would improve the predictability of review/assessment and rationality of regulations if we decide it is not rational through relevant ministries and professional's review.

Basically, there is no redundant review process because we request additional information based on living modified organism review process according to Consolidated Public Notice Annex 10-1 of LMO Act.

- We confirmed several times that there is no redundancy in the data requested in reviewing process between all review agencies.

- As some cases were confirmed to similar data, we had tried to request the integrated data for convenience of applicants in such case.

Page 105, paragraph 3.176:

Question 33. Please explain when Korea plans to fully align its import requirements with guidelines of the World Organization for Animal Health for bovine spongiform encephalopathy (BSE). If Korea does not plan to align its requirements with these guidelines, please explain why not.

ANSWER:

Korea is operating animal import requirements in accordance with international standard such as OIE standards.

In case of BSE in 2008, the Act on the Prevention of Contagious Animal Diseases was revised to prepare import health requirements for beef which are stricter than international standards. The Korean Government will continue to work to align its domestic regulations with international guidelines through consultations with the National Assembly.

Page 116, paragraph 3.212:

34. The Secretariat notes that "the budget for government support for public institutions was KRW 100.6 trillion." What portion of that government support goes to the 36 state-owned enterprises? To what extent do these 36 state-owned enterprises compete with private sector companies?

ANSWER:

The proportion of SOEs in the budget provided to public institutions is about 7.1%. Most SOEs manage national infrastructure such as roads, railroads and energy, so they do not compete with the private sector in the area.

Page 117, Table 3.4:

35. How does the Korea Development Bank's (KDB's) in-kind contribution affect KEXIM's operations? Do KEXIM and KDB work together in financing medium to long-term (or other types of) transactions due to this relationship?

ANSWER:

KDB's contribution in kind was made to ensure KEXIM is complying with its capital adequacy requirements and prudential practice and guidelines. KDB is not a member of the operating committee concerning the operations and managements of KEXIM, and KEXIM operates independently, separate and apart from KDB. KEXIM and KDB operate and work independently in accordance with each mandate indicated by the establishment law of each institution.

Page 117, Table 3.4:

36. Neither the Korean Overseas Infrastructure and Urban Development Corporation (KIND) (of which KEXIM is a shareholder) nor KEXIM's Economic Development Promotion Facility (formerly known as Development Finance) are mentioned in the report or this table. Do either of these entities support Korean exports or exporters?

ANSWER:

The Korea Overseas Urban Development Corporation (KIND) does not support exports or exporters. KIND is an institution that supports overseas investment development projects (PPP) of Korean companies. The main functions are to develop PPP projects, such as business feasibility studies for projects expected to participate in Korean companies, and to provide financial services such as equity investment in PPP projects involving Korean companies.

Page 117, Table 3.4:

37. Neither the Korean Overseas Infrastructure and Urban Development Corporation (KIND) (of which KEXIM is a shareholder) nor KEXIM's Economic Development Promotion Facility (formerly known as Development Finance) are mentioned in the report or this table. Do either of these entities support Korean exports or exporters?

ANSWER:

Based on the untangling ODA principle, the Economic Development Promotion Facility (EDPF) focuses on the economic development of partner countries and has no association in any kind with Korean companies' co-operation or engagement. The EDPF does not impose any requirements for the participation of Korean companies or Korean contents on each transaction. EDPF adopts International Competitive Bidding regarding the procurement of projects. In other words, all procurement of goods, works, and services are eligible for the EDPF regardless of the nationality of the contractors and the country of origin.

Page 117, Table 3.4:

38. Do the following entities receive government support? If so, please provide details on the amount and type of support on 'Korea Agro-Fisheries and Food Trade Corp. (aT)'

ANSWER:

aT (Korea Agro-Fisheries and Food Trade Corporation) is a public institution which was established by the Korea Agro-Fisheries and Food Trade Corporation Act with an aim to stabilizing supply and demand of agricultural, forest, livestock and fishery products while promoting the food industry. As of 2020, the government investment is 68.3 billion won. aT does not receive government support other than the investment.

39. Do the following entities receive government support? If so, please provide details on the amount and type of support on 'Korea National Oil Corp.'

ANSWER:

(Million WON)	2021
Issuance of share capital	69,047
Government grants	610
Consigned Management Fees	424
Total	70,081

Page 118, paragraph 3.214:

40. The Secretariat Report notes that as part of its post-pandemic strategy, Korea plans to put in place flexible procurement procedures for publicly funded projects to provide intensified support to small businesses negatively affected by the pandemic. Please elaborate on any further details available about the forthcoming flexible procurement procedures and the likely timeline for their implementation. Will such flexibilities and support extend to foreign-owned small businesses?

ANSWER:

We are putting in place the following measures to promptly overcome the difficulties triggered by the pandemic and ease the burdens of small-sized businesses. The measures shall take effect from May 1, 2021 to December 31, 2021.

1. 50% reduction of bid bond and performance bond

2. Shortened inspection period, payment period and bid announcement period
3. Increased limit of advance payments

In case of inevitable delay or non-fulfilment of a contract due to COVID-19, liquidated damages for delay will not be imposed and performance bond's reversion to the National Treasury or a local government will be exempted.

This measure does not treat a party under the WTO Agreement on Government Procurement less favorably than other domestically established suppliers.

Page 125, Section 3.3.7:

41. In January 2021, amendments to the Copyright Act were introduced in the National Assembly that proposed to amend certain provisions of the Copyright Act, including provisions on digital sound transmissions, portrait rights, and extended collective licensing. What is the current status of that legislation?

ANSWER:

The proposed complete amendment of the Copyright Act is now pending at the Culture, Sports and Tourism Committee of the National Assembly. It is currently not in progress at the committee and expected to be discussed not earlier than November, with the schedule to be determined.

Page 130, paragraph 3.255:

42. The Secretariat's Report notes that "The Trademark Act and the Fishery Products Quality Control Act protect GIs that are registered and provide a registration process". Can Korea confirm that a ground for refusing protection of a GI, under both the Trademark Act and the Fishery Products Quality Control Act, is if the term is the common name for a good?

ANSWER:

According to Article 32.9 of the Fishery Products Quality Control Act, if the term is a common name for a good, the registration of a GI will be refused.

(The Trademark Law 33(1)) Trademark registration may be obtained, excluding the following trademarks: 1. A trademark consisting solely of a mark indicating, in a common manner, the common name of the goods

43. For any terms that are presented on a list pursuant to a trade agreement, will Korea examine these terms, apply any relevant grounds for refusal, and allow for opposition and cancellation proceedings? Please clarify the grounds of refusal that may be applied to these terms, if applicable.

ANSWER:

Article 15 of the enforcement decree of the Fishery Products Quality Control Act states clearly the grounds for refusing the registration of a GI. (1) The product's advantage should be widely known either domestically or overseas, (2) the quality and reputation of the product should have geographical characteristics, and (3) the production and processing should be done in the relevant area.

Question 44. Can Korea confirm that individual generic components that are part of a compound name GI will not be protected?

ANSWER:

The Trademark Law rules that a trademark consisting solely of a mark indicating, in a common manner, the common name of the goods cannot be registered (the Trademark Law 33(1)(i)), the Trademark Examination Guidelines(p.51907) also rules that in case of compound name GI consisting of Geographical name and a type of product which is protected under FTAs, the type of product is not protected because it is a generic term.

45. How does Korea notify interested parties that an individual generic component in a compound name GI is not protected? For example, is this information included in an online database, on a registration certificate, or in an official publication?

ANSWER:

The Trademark Law(33(1)(i)) and the Trademark Examination Guidelines (p.51907) containing this information can be found at the websites of KIPO.

Page 133, paragraph 3.274:

46. The Secretariat Report states that while "copyrights do not need to be registered to obtain protection ..., registration offers advantages." What are these advantages?

ANSWER:

The current Copyright Act in Korea is fully reflects the Berne Convention. Copyright arises automatically when a work that qualifies for protection is created and does not require any formality to enjoy or exercise (Copyright Act Article 5(2)). Thus, unregistered works are also fully protected by the Copyright Act and there is no such limit or discrimination in the exercise of right depending on the registration status. Once registered, the person whose real name is registered as the author shall be presumed to be the author of the registered work, and the work whose date of creation or the date on which it has been made public for the first time is registered shall be presumed to have been created or made public for the first time on the date it has been registered, without proof to the contrary (Article 53(3) of the Copyright Act). Also, any person who has infringed upon registered copyright or related rights shall be presumed to have been negligent (Article 125(4) of the Copyright Act).

Page 133, paragraph 3.274:

47. The Secretariat Report states that 653 compulsory/statutory licenses for literary, cinematographic, and musical works were granted from 2016 to 2020 compared to 24 compulsory/statutory licenses granted from 2012 to 2015. What are the reasons for such a large increase in number of licenses granted in the later period compared to the earlier period?

ANSWER:

The presidential decree of the Copyright Act was amended in July 2015, simplifying the application process of the compulsory/statutory licenses including shortened notice period and relaxed requirements. This amendment seems to have influence on the increase in number of licenses granted. Also, a large amount of license application by the National Museum of Modern and Contemporary Art (MMCA) since 2017, for the Government Artworks of which the competent authority has been changed from the other ministries to the Ministry of Culture, Sport and Tourism, to upload on the website of the MMCA Art Bank or publish in forms of catalogue was one of the reasons of a large increase.

Page 133, paragraph 3.275:

48. The Secretariat Report describes the activities of a "compensation group" distributing remuneration that had previously been undistributed. What is the membership of this "compensation group"? What are the other activities of the "compensation group"? What oversight exists over the activities of the "compensation group"?

ANSWER:

The right to receive remuneration shall be exercised through an organization that meets the following requirements of Article 25(7) of the Copyright Act, which has been designated by the Minister of Culture, Sports and Tourism, with the prior consent of the organization.

1. Organization comprising persons who have the right to receive remuneration within the Republic of Korea;
 2. Organization not aiming at profit-making;
 3. Organization fully capable of performing the duties of collection, distribution, etc., of remuneration.
- The remuneration recipient organizations are primarily responsible for collecting and distributing remuneration. In addition, for the remuneration left undistributed for more than 5 years from the distribution notice, the organizations could run the business designated under the Copyright Act 25(10) such as supporting the creation activity of the copyrighted works, with the approval of the Minister of Culture, Sports and Tourism. The organizations are engaged in activities to protect and remedy the right holders eligible for the remuneration.

The Ministry of Culture, Sports and Tourism (MCST) may cancel the designation when (1) the remuneration recipient organization does not meet the designation requirements, (2) the organization violates the remuneration-related business regulations, or (3) there is a risk of harming the interests of the remuneration right holders by suspending remuneration-related business for a considerable period, according to Article 25 (9) of the Copyright Act. In addition, the MCST evaluates and manages the capabilities of the remuneration recipient organizations through annual business inspections and re-designation reviews held every three years.

Page 135, Section 3.281:

Question 49. The Secretariat Report states that a damages compensation system, under which online open market platforms compensate for damage resulting from the purchase of counterfeit products first and then claim indemnity from the individual seller, has been established. Please provide more information about the newly established damages compensation system and, in particular, a detailed explanation of how it operates.

ANSWER:

This damages compensation system, which is not a policy of the Korean government, is independently run by some online open market platforms.

4. TRADE POLICIES BY SECTOR**Page 160, paragraph 4.3.2.6, footnote 42:**

50. The Secretariat Report references Korea's definition of "new and renewable energy," including a change made in October 2019 to no longer include non-renewable waste energy in the definition of "renewable energy." However, it does not explain this change. Please describe why Korea decided to alter its definition of "renewable energy" to no longer include non-renewable waste energy.

ANSWER:

Non-renewable waste is excluded to match the domestic standards of renewable energy with international standards.

P. 170, paragraph 4.172:

Question 51. The Secretariat Report notes that "financial institutions' use of cloud computing based abroad had been limited to 'non-critical information' [...]." Industry stakeholders have raised concerns that, even for non-critical information, it is bureaucratically onerous to qualify for permission to use cross-border cloud computing. Does Korea plan any reforms to make it easier for financial institutions to use cloud computing based abroad, and for cloud computing service providers to qualify to offer such services? Does Korea plan to allow financial institutions to use cloud computing based abroad for critical information?

ANSWER:

Korea revised the regulation in 2018 to revitalize using a cloud of financial companies. However, the use of services by overseas-based cloud computing service providers (CSPs) requires sufficient consideration for consumer protection and securing supervisory rights, so a mid- to long-term review of further revisions is required.

Page 177, paragraph 4.215:

52. Can Korea provide a status update on the "5G+ Strategy," including timelines regarding sector/product priorities among the "10 core industries and 5 core services," as well as implementation plans? Can foreign stakeholders provide comments on the Strategy's priorities?

ANSWER:

After the announcement of the "5G+ Strategy (April 2019)," the Ministry of Science and ICT established the annual implementation plan for the 5G+ Strategy and announced the "5G+ Convergence Service Diffusion Strategy (August 2021)." Data for the strategies can be disclosed, and foreign stakeholders can also present their points of view on priorities.

Page 178, paragraph 4.218:

53. Can Korea provide a status update on the "5G+ Spectrum Plan?"

ANSWER:

In order to improve unlicensed technology to the 5G level, the 6GHz band was first supplied as the next-generation Wi-Fi frequency (October 2020), and regulatory improvement for other types of unlicensed technology (e.g. IoT, sensing) is under way. In 2020, we introduced a frequency band maintenance evaluation and forecasting system that notifies users of the maintenance time and expected measures in advance, and established a clearing house system in charge of recovery and relocation and joint use. The plan is to secure 1,870 MHz bandwidth by the end of 2021 and an additional 770 MHz bandwidth by 2026.

Part II. Questions based on the Government Report (WT/TPR/G/414)**3 ECONOMIC POLICY****Page. 5, paragraph 3.4:**

54. As part of the "Digital New Deal," Korea indicates it "aims to create a strong ecosystem for the data, network, and A.I. industries [...] by supporting the use of and convergence among data, 5G, and AI technologies across all industries." Nevertheless, Korea maintains significant controls on the use of cross-border cloud computing services (e.g., by financial institutions and public agencies). Given the importance of cloud computing and cross-border data flows to data, network, and AI industries, how will Korea ensure that foreign, cross-border suppliers are able to participate equally in the Digital New Deal?

ANSWER:

Currently, domestic and foreign cloud service providers are not restricted from participating in the Digital New Deal project. However, in some areas where security is important and sensitive, both domestic and foreign businesses service providers, who have certified security assurance programs, can participate in the project. The Cloud Security Assurance Program applies to both domestic and foreign cloud service providers to maintain data security in the public sector, and cannot be regarded as excessive requirements. Other countries are also operating cloud data centres dedicated to the public sector in its territory.

Page 6, paragraph 3.5:

55. The report states that the government is pushing for a "Green New Deal" to decarbonize the economy, including a "green transition" and innovation in "green industry". However, it is unclear what the term "green" means in this context. Could Korea please define what it means by "green transition" and "green industry" in the context of the proposed "Green New Deal"?

ANSWER:

Green transition means improving and innovating the overall economy and society in order to prioritize the realization of green values that increase energy and resource efficiency and prevent climate change and pollution.

The green industry refers to an industry that replaces fossil fuel that emits GHGs, and increases the efficiency of energy and resources for "Net Zero" and "Green New Deal". The definition is based on the Framework Act on Net Zero and Green Growth for Response to Climate Crisis (tentative English name).

Page 6, paragraph 3.10:

56. Could Korea please elaborate on its various measures to effectively manage fisheries resources, in particular the self-management fisheries system? How does this system effectively combat overfishing and IUU fishing?

ANSWER:

Self-management fisheries system is a system that encourages fishers to regulate themselves, so that they can voluntarily protect fisheries resources. The government evaluates these fisheries communities and encourages well-performed ones on an annual basis.

Page 6, paragraph 3.11:

57. Could Korea please elaborate on its efforts to collect lost or discarded fishing gear?

ANSWER:

To protect spawning sites and prevent ghost fisheries, Korea has been cleaning more than 2,500 tonnes of discarded fishing gear and debris since 2009.

Page. 8, paragraph 3.22:

58. Korea notes that content (games, drama, films, music) have become major export businesses. Much of this export success has been based on the distribution of Korean content worldwide by foreign digital streaming services. However, there are concerns that Korea has undertaken measures, and is considering new ones, that disadvantage foreign streaming services in its domestic market (e.g. mandating payment of "network fees" to internet operators). As Korea expands its trade in services, how will Korea reflect the interdependence of content providers and distribution

services, and ensure that foreign content providers and distribution services are provided national treatment in the Korean market?

ANSWER:

Currently, the Korean government does not mandate network usage fees. Network usage fees are a matter of voluntary consultations between CPs and ISPs. There is a lawsuit going on in regard to network usage fees in Korea. With the exception of Google and Netflix, domestic and foreign CPs are paying domestic ISPs for network use, so it has nothing to do with the issue of national treatment.

UNITED STATES – REVISED ANSWER

44. Can Korea confirm that individual generic components that are part of a compound name GI will not be protected?

ANSWER

Korea does not protect individual generic components that are part of a compound name GI. The Trademark Law rules that a trademark consisting solely of a mark indicating, in a common manner, the common name of the goods cannot be registered (the Trademark Law 33(1)(i)), the Trademark Examination Guidelines(p.51907) also rules that in case of compound name GI consisting of Geographical name and a type of product which is protected under FTAs, the type of product is not protected because it is a generic term.

UNITED STATES – FOLLOW-UP QUESTIONS

Question 34: The Secretariat notes that "the budget for government support for public institutions was KRW 100.6 trillion." What portion of that government support goes to the 36 state-owned enterprises? To what extent do these 36 state-owned enterprises compete with private sector companies?

Answer to U.S. Question 34: The proportion of SOEs in the budget provided to public institutions is about 7.1%. Most SOEs manage national infrastructure such as roads, railroads and energy, so they do not compete with the private sector in the area.

U.S. Follow-up Questions:

1. Which of the 36 SOEs do not "manage national infrastructure"?

[Answer]

Kangwon Land(gambling business on Koreans), Grand Korea Leisure(gambling business on foreigners), Korea Housing and Urban Guarantee Corporation, Korea Horse Racing Authority, Korea Broadcast Advertising Corporation, Korea Real Estate Board, Jeju free international City Development Center

2. Do those SOEs that do not "manage national infrastructure" compete with the private sector?

[Answer]

Except for Grand Korea Leisure, which compete with private casinos, Other SOEs are guaranteed exclusive status in their own business.

3. Are private energy companies in competition with SOE energy companies? If not, why not?

[Answer]

- Electricity : In the power generation sector, 5 State-owned power generation companies are competing with private power generation companies in the power exchange market.

- Gas : The wholesale business of natural gas in Korea is a public business that prioritizes the country's energy security by ensuring a reliable and uninterrupted supply. Since the wholesale business includes operations of LNG receiving terminals and pipeline networks, the Korean government granted the exclusive authority of natural gas wholesale to a state-owned company, Korea Gas Corporation(KOGAS). However, it is worth noting that competitive factors have increased a lot as private businesses can import natural gas for their own consumption purposes, and private businesses' natural gas imports, which began in 2005, exceed 22% of Korea's total natural gas imports.

- Oil : KNOC(Korea National Oil Corporation) does not compete with private energy companies as it is in charge of petroleum reservation necessary for national security.

Answer to U.S. Question No. 20: Funding Instruments for Supporting Industries of the Future

Names of Funding Instruments	Types of Funding Provided	Target Companies and Use of Proceeds
Innovative Growth Industry Support Program	Loan Investment	AllCompanies For financing capex, R&D, and workingCapital
Industrial Structure Acceleration Support Program	Loan Investment	SMEs and MEs For financing capex, R&D, and workingCapital

Names of Funding Instruments	Types of Funding Provided	Target Companies and Use of Proceeds
Start-up Support Program	Loan Investment	Start-upsand SMEs For financing capex, R&D, and workingCapital

- The KDB classifies industries of the future into nine macro themes such as advanced manufacturing and automation, renewable energy, and ICT, with a further breakdown of the themes into 300 specific categories. In 2020, the volume of funding

provided to companies eligible under the nine thematic categories totalled KRW 21.6 trillion.

•
(Loan: KRW 21.1trillion, Fixed Income investment:
KRW 0.3trillion, Stock investment: KRW 0.2 trillion).

Nine Thematic Categories of Industries of the Future

Themes	# of items	Examples of items
State-of-the-art manufacturing and automation	31	Robot, SmartCar, 3Dprinting
Chemicals and new materials	37	Carbonfiber
Energy	40	Clean/Renewableenergy, Energystorage
Environment and sustainability	30	SmartFarm
Health and diagnostics	40	Biosimilar
Information and communications	43	5gnetwork, BigData
Electrical and electronic	29	SystemSemiconductor
Sensor and measurement	23	ADAS, Lidar
Knowledge-based service	27	Game, MediaContents

4. How does Korea determine the price for equity provided to industries of the future?

[Answer]

Making equity investment in industries of the future is no different from KDB's usual investment procedure including how it determines the price for equity.

5. How does Korea ensure that the investment that it provides under these programs is consistent with the normal investment practices of private investors?

[Answer]

There is no separate regulation related to investing in industries of the future.

6. Are loans provided under these programs at a market or a below market interest rate?

[Answer]

KDB determines interest rate on loans based on the individual borrower's credit rating and collateral value, among others, and the same procedure is applied to the companies eligible under the programs.

URUGUAY

Question 1. In point 8 of the Secretariat's Report, the news regarding trade facilitation and the expansion of the electronic dispatch system to all merchandise imported by authorized economic operators are mentioned. Could Korea detail how this electronic dispatch system works and the benefits that its implementation has brought?

[Answer]

100% computerizing customs processes such as import/export on internet has many benefits such as time reduction, transparency, and provision of one-stop service.

Question 2. In point 8 of the Secretariat's Report, it is mentioned that the Government continued to help companies, including SMEs, under the RTA / LAC framework to use trade preferences subject to diverse and complex rules of origin. Could Korea detail how the government helped SMEs to use trade preferences under the RTA / LAC framework?

[Answer]

Since 2010, KCS has been operating AEO (Authorized Economic Operator) system to simplify the process of submitting certificates of origin and other papers. Through this system, KCS decides which import/exporters are capable of verifying the origin of a good, and designates that import/exporter to be an AEO. Also, since Sep 7 2010, KCS has been administrating FTA-PASS for deciding and managing the origins of goods. FTA-PASS is interconnected with UNI-PASS, so paperwork related to certificates of origin can be issued easily and instantly.

Since 2010, KCS has been operating 'FTA-utilizing electronic alarm system', where UNI-PASS marks goods subject to preferential tariff among imported goods. 'Rule of Origin Self-care Solution Programme' is distributed freely on the website for SMEs, to use. With the system, seminars, workshops and lectures, RTA/FTA related data can be obtained.

In addition, 13 FTA-related curriculums including HS code, AEO, FTA-PASS are being provided, and there is also 'Consultants on Foot' (where consultants visit businesses).

Question 3. In point 4.9 of the Government Report, it is mentioned that within the framework of the adoption of the package of recommendations and statements of the Informal Group of MSMEs in 2020, Korea is doing everything possible to improve access to information related to trade and provide assistance for the digitization of MSMEs. Could Korea report on its efforts to improve access to information and digitization of MSMEs?

[Answer]

As the unprecedented pandemic hit hard MSME in South Korea, the ministry has focused on strengthening the resilience of MSMEs through digitalization such as introduction of smart technology and related support programs.

Report of the Secretariat. Paragraphs 7 of the Summary and 3.37 to 3.39 of the Report

The Secretariat report states that Korea makes use of "flexible tariffs" (including seasonal and adjustment duties, among others) for certain products (184 items in 2021), which allow for discretionary tariffs but which, in the opinion of the authorities, are within the limits bound in the WTO.

Question 4. In point 3.4 of the Government Report, reference is made to the approval of the New Digital Deal to promote digital innovation throughout the economy. Could Korea comment on how the government has encouraged small entrepreneurs to take full advantage of the benefits of smart technologies?

[Answer]

Last year, MSMEs were hit hardest by the unprecedented pandemic, the ministry of SMEs and Startups (MSS) has spared no efforts to help these small businesses overcome the crisis. In this context, MSS has focused on strengthening the resilience of MSMEs through digitalization such as introduction of smart technology.

In order to support the digitalization of micro-enterprises, MSS has spread ①A fintech-based mobile payment system, Zero-Pay. ②Capacity building through the digital manager program and the online training platform. ③live commerce was utilized to boost online sales of micro-enterprises. ④Support for the adoption of smart technology to create smart supermarkets, smart shops, or smart craft

shops. Based on the pilot project in 2020, MSS plans to create 20,000 smart stores and 600 smart craft shops by 2021.

Question 5. How do the Korean authorities ensure that their "flexible tariffs" do not exceed the limits bound in the WTO?

[Answer]

Since the flexible tariff can only be applied when it is lower than the WTO concession tariff, it cannot exceed the limits bound in the WTO.

Report of the Secretariat. Paragraphs 9 of the Summary, 3.59 to 3.60, 4.19 and 4.54 of the Report. According to the Secretariat report, Korea completed the rice tariffication process in 2015 and established an import tariff quota of 408,700 tons per year, with a tariff rate of 5% intra-quota and 513% extra quota, which was incorporated into the List of Korean Concessions in the WTO formally in 2020.

Question 6. What effects did the implementation of this TRQ have on the Korean rice market (for example, in terms of the share of imports on consumption, domestic prices, etc.)?

[Answer]

Korea's rice TRQ volume of 408,700 MT was decided in 2015. The volume is same as the MMA quota for 2014, the last year of the special treatment of rice import for Korea. Consequently, the Korean rice market has not been significantly affected by the implementation of the TRQ.

But, Korea's per capita rice consumption has continued a downward trend from 62.9 kg in 2015 to 57.7kg in 2020 and thus, the ratio of imported rice to rice consumption has changed.

Question 7. Could Korea detail the main origins of the 20,000 open tonnes on an erga omnes basis within this TRQ?

[Answer]

Korea has administered a global quota since 2020. The quota was filled with Indian rice in 2020 and Thai rice in 2021.

Report of the Secretariat. Paragraph 3.42.

According to the Secretariat report, Korea maintains 9.3% of unbound tariff lines, which covers 0.3% of agricultural tariff lines and 10.8% of industrial tariff lines.

Question 14. Does Korea plan to proceed with binding the missing tariff lines in the near future?

[Answer]

Korea has been improving overall tariff regime through the consideration of domestic conditions and the results of multilateral negotiations every year, and will continue to improve the related policies by respecting the results of ongoing FTA, RTA, WTO DDA and multilateral negotiations as well as the opinions of related organizations and interested parties.

Report of the Secretariat. Paragraphs 3.50, 4.17 and 4.19.

Question 15. According to the Secretariat report, Korea maintains applied tariff rates within quotas that reach up to 50% ad valorem, while the average utilization rate of tariff quotas was 58% in 2020. In order to facilitate utilization of existing TRQs, is Korea considering reducing or eliminating the high applied tariff rates within some of them?

[Answer]

The implementation of WTO TRQ is more influenced by alternative importation according to the FTA and change in domestic demand than the level of WTO TRQ tariffs level. For the goods with high demand in Korea, lower tariff rates are applied than the WTO TRQ tariffs by utilizing flexible tariffs

Report of the Secretariat. Paragraphs 3.84 and 4.29.

According to the Secretariat report, Korea continues to make use of export subsidies for some agricultural products, including fruits, vegetables, livestock, cereals and processed foods, in accordance with the provisions of Article 9.4 of the Agreement on Agriculture of the WTO. Such grants peaked at KRW 39.6 billion in 2017.

Question 16. Could Korea explain whether, in response to the COVID-19 pandemic and related logistical difficulties, the amount of export subsidies granted under that provision increased? If so, could you please detail the products benefiting from the highest export subsidies?

[Answer]

According to the MC10 Ministerial Decision of 19 December 2015, Korea is preparing necessary steps without delay including the reduction of subsidy rates in phases to eliminate export logistics subsidies by 2024.

Although the subsidy amounts have increased along with the increasing shipping costs caused by the global shipping bottlenecks amid the COVID-19 pandemic, it did not have any effect on the subsidy rates. Also, the subsidy rates are not different by product.

Question 17. Could Korea detail its plans to eliminate export subsidies under that provision in 2023, pursuant to the Nairobi Ministerial Decision on Export Competition (2015)?

[Answer]

According to the MC10 Ministerial Decision of 19 December 2015, Korea is preparing necessary steps without delay including the reduction of subsidy rates in phases to eliminate export logistics subsidies by 2024. The stepwise reduction rates are as follow : 9% in 2018 and 2019, 7% in 2020 and 2021, 5% in 2022 and 2023, 0% in 2024.

VIET NAM

Regarding the 2020 Korean New Deal initiative, Viet Nam would highly appreciate if the Republic of Korea could share:

1. its implementation timeline;

[Answer]

The Korean New Deal is a comprehensive plan for 2020-2025.

2. implementation status as of now; and

[Answer]

The plan is to invest a total of KRW 160 trillion among the national budget until 2025. In 2020, Korea has invested KRW 5.4 trillion and has set the goal to put KRW 27.1 trillion in 2021 and the plan is in progress without a delay. In addition, 12 legislative tasks (43 laws) of the New Deal were selected to lay the institutional foundation and currently 24 laws have been enacted/amended.

3. experiences in policy-making process.

[Answer]

As a cross-ministry strategy, the New Deal is under operation by establishing inter-related promotion system such as Strategic meeting presided by the President, Ministerial Meeting on the Korean New Deal, Government-Ruling Party Consultation to ensure swift decision-making process and strong driving force.
