

**KOREA-CHILE (services)
Summary Fact Sheet**

Table 1: Background Information

Parties	Korea, Chile	
Type of Agreement	Economic Integration Agreement	
Date of signature	15 February 2003	
Date of entry into force	01 April 2004	
Review envisaged	indefinite	
Website or contact addresses	http://www.mofat.go.kr/english/main/index.jsp (English and Korean version) http://www.direcon.cl/index.php?accion=tlc_corea (Spanish version)	
List of related WTO documents	SC/N/302 WT/REG/169/1-Corr.1 S/C/M/73 WT/REG169/4 WT/REG169/5-6 WT/REG169/M/1-2	Notification Agreement Terms of reference Standard format Questions and Replies Minutes

Table 2: Scope and general aspects

Scope	Sectors	"Substantial sectoral coverage". [
	Modes of supply	The Chapter on cross-border trade in services deals with cross-border supply, consumption abroad and presence of natural persons (modes 1, 2 and 4) and the Chapter on investment with commercial presence (mode 3).
	Definitions	A "national" is a natural person who is a citizen or permanent resident of a Party. An "enterprise" means any legal entity constituted or organised under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association.
	Positive/negative list	Negative list approach.
	Sector-specific rules	Telecommunications Services (Chapter 12); Temporary entry of Business Persons (Chapter 13).
	Sectoral exclusions	Financial services, air services, government procurement, and services provided in the exercise of governmental authority, except those supplied on a commercial basis or in competitive conditions (Art. 11.2.3). Under Art. 21.5 the financial services authorities must meet four years after the entry into force of the Agreement to discuss the viability and convenience of incorporating financial services into the Agreement.

Table 3: Provisions of the Agreement

Provision	Article	Additional information
MFN/National treatment	Art. 10.3, 10.4, 11.3 and 15.3	The Parties accord each other national and MFN treatment (though in the case of treatment offered to investors and investments under RTAs, a Party is not obliged to extend MFN treatment, but may be open to negotiating such treatment) in investment for the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investment. National treatment is guaranteed for services and service providers. Each Party under its government procurement laws, regulations, procedures and practices, will ensure that its entities do not treat a locally-established supplier less favourably than any other locally-established supplier based on the degree of foreign affiliation to, or ownership by, a person of the other Party; and do not discriminate against a locally-established supplier on the basis that the goods or services offered by that supplier are procured from the other Party. Art. 11.5 lists national treatment reservations for services and services providers.
Elimination of	Art. 11.6,	Each Party has listed in its schedule all non conforming measures to

discriminatory measures	11.7, 11.8; Annex I, II, III	the investment and cross-border services Chapters to which the provisions on national and most-favoured-nation treatment, local presence, performance requirements or requirements of senior management and boards of directors do not apply. The Parties are committed to further liberalize the remaining restrictions through negotiations scheduled every two years. Quantitative restrictions are listed in Annex III to the Agreement.
Treatment of third party suppliers	None	
Denial of benefits	Art. 10.17 and 11.11	A Party may deny the benefits of Chapter 10 to an investor of the other Party that is an enterprise of such Party and to investments of such an investor, if investors of a non-Party own or control the enterprise and the denying Party does not maintain diplomatic relations with the non-Party; and adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of the Chapter were accorded to the enterprise or its investments. Subject to prior notification and consultation, a Party may deny the benefits of Chapter 10 to an investor of the other Party that is an enterprise of such Party and to investments of such investors if investors of a non-Party own or control the enterprise and the enterprise has no substantial business activities in the territory of the Party under whose law it is constituted or organized. Subject to prior notification and consultation, a Party may deny the benefits of Chapter 11 to a service provider of the other Party where the Party establishes that the service is being provided by an enterprise that is owned or controlled by persons of a non-Party and that has no substantive business activities in the territory of the other Party.
Standards/mutual recognition	Art. 11.10 and Annex; Art. 12.5	For cross border trade in services the Parties commit to ensuring that licensing and certification of each other's nationals is based on objective and transparent criteria, not more burdensome than necessary to ensure the quality of a service, and does not constitute a disguised restriction on its cross border provision. Chapter 12 gives specific provisions for telecommunications services.
Safeguard mechanisms (intra-trade)	Art. 10.12	Safeguard measures may be taken for capital movements that cause or threaten to cause disruption to monetary and exchange rate policy for one year, which can be extended through the reintroduction of the measure.
Domestic regulations	Art. 17.3, 17.4, and 17.6	Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application relating to any matter under the Agreement are promptly published or otherwise made publicly available and shall notify the other Party of any proposed or actual measure that it considers might materially affect the operation of the Agreement or otherwise substantially affect the other Party's interests under the Agreement. Administrative proceedings for the adoption of domestic measures of general application affecting matters covered by the Agreement are in Art. 17.6.
Subsidies and state aid	Art. 10.9.5(b) and 11.2	National treatment in investment does not apply to any government subsidies provided. The scope of the cross-border services Chapter excludes subsidies or grants.
IPR	Chapter 16	The Chapter contains provisions on the protection of trademarks (Art. 16.3) and geographical indications (Art. 16.4). Annexes 16.4.3 and 16.4.4 list the GIs of Korea and Chile, respectively
Government Procurement	Chapter 15	Provisions on Government Procurement apply to entities specified in Annex 15.1 and provide national treatment and non-discrimination in procurement of goods, services, and construction services for the entities covered, subject to specified thresholds and exceptions. Provisions are made for procurement procedures, including bid challenges (Art. 15.13) exchange of information on technology and cooperation (Art. 15.14), and transparency (Art. 15.5). Exceptions are set out in Art. 15.2.2. A Government

		Procurement Working Group is established under Art. 15.17.
Competition	Chapter 14	The Parties agree to cooperate and coordinate between their competition authorities to reduce or eliminate anti-competitive business conduct and to implement competition laws in a manner consistent with the Chapter. This includes notification, consultation, exchange of non-confidential information and technical assistance (Art. 14.2). Nothing in the Chapter prevents the Parties from designating or maintaining public or private monopolies according to their respective laws (Art. 14.8).
Investment	Chapter 10	The investment Chapter covers investors of the other Party and their investments in the Party except for any non conforming measures listed by the Parties. Exceptions and safeguard measures are set out in Art. 10.12. An Investor – State dispute settlement mechanism is established in Section C. Art. 10.43 establishes an Investment and Cross-border Trade in Services Committee to oversee the administration of the Chapter, to discuss subjects of bilateral interest relating to investment and cross border trade in services, and to examine subjects relating to these issues being discussed in international fora.
General reservations	Chapter 20	General exceptions include Article XX of the GATT and its interpretive notes and Article XIV of the GATS, which are incorporated into the Agreement. Article 20.2 provides provisions on national security exceptions while Article 20.3 exempts taxation from coverage by the Agreement.
Level of Government	Art. 11.2.2, 1.5 and Annex 2.1	In the service Chapter, "measures adopted or maintained by a Party" mean measures adopted or maintained by government or non-governmental bodies in the exercise of any regulatory, administrative or other governmental authority delegated to it by that government. The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement in their respective territories as defined in Annex 2.1.
Accessions	None	
Dispute resolution	Chapter 19	Chapter 19 addresses institutional and administrative arrangements.
Relations with other trade agreements	Art. 1.3	The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and other international agreements to which both are party.
Institutional provisions	Art. 18.1; Annex 18.1.2 (c)	The Free Trade Commission supervises the implementation of the Agreement and evaluates the results obtained. It will meet at least annually. The Annex sets out the Committees and Working Groups.
Other		Chapter 17 on Transparency sets out a number of requirements to foster openness, transparency and fairness in the adoption and application of administrative measures covered by the Agreement. The Agreement provides also for cooperation in customs administration (Art. 5.13); agricultural, fishing and forestry trade (Art. 8.2); standards related matters (Art. 9.11); competition laws and policies (Art. 14.7); and information technology (Art. 15.14).

Table 4.a: Foreign Direct Investment in Chile from Korea under the "Estatuto de la Inversión Extranjera (DL 600)", 1974-2008

(US\$ million)

1974-1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*	2008*	TOTAL
25.5	0	0	0	0	5	9.8	0	0	0	0	40

* Provisional figures, 2008 corresponds to January-June.

Source: "Comité de Inversiones Extranjeras" of Chile.

Table 4b: Korea's trade in services with Chile, 2005-2008
(mil.US\$)

Sector	2005	2006	2007	2008
Total exports	82.4	95.4	224.6	278.0
Travel	72.4	86.7	209.7	258.0
Transportation	2.4	2.0	1.3	1.6
Other services	7.6	6.7	13.6	18.4
Communications	1.3	0.2	0.5	0.2
Insurance	0.1	0.3	1.1	0.6
Royalties and license fees	0.1	0.2	0.2	0.2
Other business	5.9	5.3	11.7	15.8
Government	0.2	0.3	0.0	0.0
Other services, n.i.e	0.0	0.4	0.1	1.6

Table 4c: Korea's imports of services from Chile, 2005-2008
(mil.US\$)

Sector	2005	2006	2007	2008
Total imports	57.2	92.6	102.7	118.4
Travel	33.3	60.2	67.1	74.5
Transportation	2.5	2.4	3.8	4.0
Other services	21.4	30.0	31.8	39.9
Communications	0.2	0.2	0.1	0.3
Insurance	0.9	0.3	0.4	0.5
Royalties and license fees	0.0	0.0	0.0	0.0
Other business	18.6	28.0	29.9	36.9
Government	1.5	1.2	1.2	2.0
Other services, n.i.e	0.2	0.3	0.2	0.2

Source: Bank of Korea