

HAVE AGREED AS FOLLOWS:

CHAPTER ONE

OBJECTIVES AND GENERAL DEFINITIONS

Article 1.1

Objectives

1. The Parties hereby establish a free trade area on goods, services, establishment and associated rules in accordance with this Agreement.
2. The objectives of this Agreement are:
 - (a) to liberalise and facilitate trade in goods between the Parties, in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as 'GATT 1994');
 - (b) to liberalise trade in services and investment between the Parties, in conformity with Article V of the General Agreement on Trade in Services (hereinafter referred to as 'GATS');
 - (c) to promote competition in their economies, particularly as it relates to economic relations between the Parties;
 - (d) to further liberalise, on a mutual basis, the government procurement markets of the Parties;
 - (e) to adequately and effectively protect intellectual property rights;
 - (f) to contribute, by removing barriers to trade and by developing an environment conducive to increased investment flows, to the harmonious development and expansion of world trade;
 - (g) to commit, in the recognition that sustainable development is an overarching objective, to the development of international trade in such a way as to contribute to the objective of sustainable development and strive to ensure that this objective is integrated and reflected at every level of the Parties' trade relationship; and
 - (h) to promote foreign direct investment without lowering or reducing environmental, labour or occupational health and safety standards in the application and enforcement of environmental and labour laws of the Parties.

Article 1.2

General definitions

Throughout this Agreement, references to:

the Parties mean, on the one hand, the European Union or its Member States or the European Union and its Member States within their respective areas of competence as derived from the

Treaty on European Union and the Treaty on the Functioning of the European Union (hereinafter referred to as the 'EU Party'), and on the other hand, Korea;

the Framework Agreement mean the Framework Agreement for Trade and Cooperation between the European Community and its Member States, on the one hand, and the Republic of Korea, on the other hand, signed at Luxembourg on 28 October 1996 or any agreement updating, amending or replacing it; and

the Customs Agreement mean the Agreement between the European Community and the Republic of Korea on Cooperation and Mutual Administrative Assistance in Customs Matters, signed at Brussels on 10 April 1997.

CHAPTER TWO

NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS

SECTION A

Common provisions

Article 2.1

Objective

The Parties shall progressively and reciprocally liberalise trade in goods over a transitional period starting from the entry into force of this Agreement, in accordance with this Agreement and in conformity with Article XXIV of GATT 1994.

Article 2.2

Scope and coverage

This Chapter shall apply to trade in goods ⁽¹⁾ between the Parties.

Article 2.3

Customs duty

For the purposes of this Chapter, a customs duty includes any duty or charge of any kind imposed on, or in connection with, the importation of a good, including any form of surtax or surcharge imposed on, or in connection with, such importation ⁽²⁾. A customs duty does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article 2.8 in respect of the like domestic good or in respect of an article from which the imported good has been manufactured or produced in whole or in part;
- (b) duty imposed pursuant to a Party's law consistently with Chapter Three (Trade Remedies);
- (c) fee or other charge imposed pursuant to a Party's law consistently with Article 2.10; or

⁽¹⁾ For the purposes of this Agreement, goods means products as understood in GATT 1994 unless otherwise provided in this Agreement.

⁽²⁾ The Parties understand that this definition is without prejudice to the treatment that the Parties, in line with the WTO Agreement, may accord to trade conducted on a most-favoured-nation basis.