

**AGREEMENT ON INVESTMENT
UNDER THE FRAMEWORK AGREEMENT
ESTABLISHING A FREE TRADE AREA
BETWEEN THE REPUBLIC OF TURKEY
AND THE REPUBLIC OF KOREA**

PREAMBLE

The Republic of Turkey and the Republic of Korea (hereinafter referred to as “the Parties” or “Turkey” or “Korea”, where appropriate);

RECALLING the Framework Agreement Establishing a Free Trade Area between the Republic of Turkey and the Republic of Korea (hereinafter referred to as the “Framework Agreement”) entered into force on the 1st day of May 2013;

FURTHER RECALLING Articles 1.4 (Relation with Other Agreements) and 1.5 (Liberalization) of the Framework Agreement, which reflect their commitment to establish the Turkey-Korea Free Trade Area covering investment;

NOTING the objectives of the Framework Agreement to enhance economic cooperation and deepen economic integration between Turkey and Korea through liberalization of investment;

STRIVING TO enhance cooperation in investment between Turkey and Korea in order to improve transparency and predictability; and

RECOGNIZING the need to promote and protect bilateral investments, which will be made with the aim of establishing lasting economic relations, contributing to economic development, and fostering the flow of capital and technology between the Parties, and to increase their economic prosperity;

HAVE AGREED as follows:

Section A: Definitions

ARTICLE 1.1: DEFINITIONS

1. For purposes of this Agreement:

covered investment means, with respect to a Party, an investment, as defined in this Article, in its territory, of an investor of the other Party that is in existence as of the date of entry into force of this Agreement or established, acquired or expanded thereafter;

disputing parties means a disputing investor and a disputing Party;

disputing Party means a Party against which a claim is made under Article 1.17 (Investor-State Dispute Settlement);

Framework Agreement means the Framework Agreement Establishing a Free Trade Area between the Republic of Turkey and the Republic of Korea;

freely usable currency means any currency designated as such by the International Monetary Fund (IMF) under its *Articles of Agreement* and any amendments thereto;

ICSID Additional Facility Rules means the *Rules Governing the Additional Facility for the Administration of Proceedings by the Secretariat of the International Centre for Settlement of Investment Disputes*;

ICSID Convention means the *Convention on the Settlement of Investment Disputes between States and Nationals of Other States*, done at Washington, March 18, 1965;

Joint Committee means the Joint Committee established under Article 7.1 (Joint Committee) of the Framework Agreement;

investment means every kind of asset that an investor owns or controls and that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, the assumption of risk, or a certain duration. Forms that an investment may take include:

- (a) an enterprise;
- (b) shares, stock, and other forms of equity participation in an enterprise;
- (c) bonds, debentures, loans, and other debt instruments of an enterprise;¹
- (d) turnkey, construction, management, production, concession, revenue-sharing, and other similar contracts;

¹ Some forms of debt, such as bonds, debentures, and long-term notes, are more likely to have the characteristics of an investment, while other forms of debt are less likely to have such characteristics.

- (e) intellectual property rights;
- (f) licenses, authorizations, permits, and similar rights conferred pursuant to domestic law;^{2 3} and
- (g) other tangible or intangible, movable or immovable property, and related property rights, such as leases, mortgages, liens, and pledges.⁴

For purposes of this Agreement, a claim to payment that arises solely from the commercial sale of goods and services is not an investment, unless it is a loan that has the characteristics of an investment;

investor of a non-Party means, with respect to a Party, an investor that attempts to make, is making, or has made an investment in the territory of that Party, that is not an investor of either Party;

investor of a Party means a Party or state enterprise thereof, or a national or an enterprise of a Party, that attempts to make, is making, or has made an investment in the territory of the other Party; provided, however, that a natural person who is a dual national shall be deemed to be exclusively a national of the State of his or her dominant and effective nationality;

enterprise means any entity constituted or organized under applicable law, whether or not for profit, and whether privately or governmentally owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, association or other similar organization, and a branch⁵ of an enterprise;

enterprise of a Party means an enterprise constituted or organized under the domestic law of each Party, and a branch located in the territory of a Party and carrying out business activities there;

non-disputing Party means the Party that is not a party to an investment dispute;

protected information means confidential business information or information that is privileged or otherwise protected from disclosure under the domestic law of each Party; and

² Whether a particular type of license, authorization, permit, or similar instrument (including a concession, to the extent that it has the nature of such an instrument) has the characteristics of an investment depends on such factors as the nature and extent of the rights that the holder has under the domestic law of each Party. Among the licenses, authorizations, permits, and similar instruments that do not have the characteristics of an investment are those that do not create any rights protected under domestic law. For greater certainty, the foregoing is without prejudice to whether any asset associated with the license, authorization, permit, or similar instrument has the characteristics of an investment.

³ The term “investment” does not include an order or judgment entered in a judicial or administrative action.

⁴ For greater certainty, market share, market access, expected gains, and opportunities for profit-making are not, by themselves, investments.

⁵ For greater certainty, a branch of a legal entity of a non-Party shall not be considered as a juridical person of a Party.

UNCITRAL Arbitration Rules means the arbitration rules of the United Nations Commission on International Trade Law approved by the United Nations General Assembly on December 15, 1976, as revised in 2010;

2. The definitions contained in Article 1.3 (General Definitions) of the Framework Agreement shall apply for the purposes of this Agreement.

Section B: Investment

ARTICLE 1.2: SCOPE AND COVERAGE

1. This Agreement shall apply to measures adopted or maintained by a Party relating to:

- (a) investors of the other Party;
- (b) covered investments; and
- (c) with respect to Articles 1.8 (Performance Requirements) and 1.16 (Environmental and Health Measures), all investments in the territory of the Party.

2. This Agreement substitutes and replaces the *Agreement between the government of the Republic of Turkey and the government of the Republic of Korea concerning the Reciprocal Promotion and Protection of Investments*, signed on May 14, 1991 in Seoul, which will be terminated on the date of entry into force of this Agreement. The disputes submitted to arbitration after the date of the entry into force of this Agreement shall be settled in accordance with the provisions of this Agreement.

3. For greater certainty, this Agreement does not bind either Party in relation to any act or fact that took place or any situation that ceased to exist before the date of entry into force of this Agreement.

4. For purposes of this Agreement, **measures adopted or maintained by a Party** means measures adopted or maintained by:

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

5. This Agreement does not apply to:

- (a) government procurement;
- (b) subsidies or grants provided by a Party or to any conditions attached to the receipt or continued receipt of such subsidies or grants except for Articles 1.8 (Performance Requirements) and 1.17 (Investor-State Dispute Settlement),

whether or not such subsidies or grants are offered exclusively to domestic investors and investments; or

- (c) measures adopted or maintained by a Party affecting the supply of services by a service supplier of the other Party through commercial presence⁶ in its territory pursuant to the Agreement on Trade in Services regardless of whether or not specific services sectors⁷ are scheduled in the Party's Schedule of Specific Commitments in Annex D of the Agreement on Trade in Services.

6. Notwithstanding paragraph 5(c), Articles 1.6 (Minimum Standard of Treatment), 1.7 (Compensation for Losses), 1.11 (Transfers), 1.12 (Expropriation and Compensation), 1.13 (Subrogation), 1.17 (Investor-State Dispute Settlement)⁸, and 1.21 (Duration) shall apply, *mutatis mutandis*, to any measure affecting the supply of service by a service supplier of a Party through commercial presence in the territory of the other Party pursuant to the Agreement on Trade in Services, only to the extent that they relate to a covered investment.

ARTICLE 1.3: RELATION TO OTHER AGREEMENTS

1. In the event of any inconsistency between this Agreement and another Agreement under the Framework Agreement, the other Agreement shall prevail to the extent of the inconsistency.

2. A requirement by a Party that a service supplier of the other Party post a bond or other form of financial security as a condition of the cross-border supply of a service does not of itself make this Agreement applicable to measures adopted or maintained by the Party relating to such cross-border supply of the service. This Agreement applies to measures adopted or maintained by the Party relating to the posted bond or financial security, to the extent that such bond or financial security is a covered investment.

3. This Agreement shall not apply to measures adopted or maintained by a Party to the extent that they are covered by Annex C (Financial Services) of the Agreement on Trade in Services.

ARTICLE 1.4: NATIONAL TREATMENT

1. Each Party shall accord to investors of the other Party, and to covered investments of investors of the other Party, treatment no less favorable than that it accords, in like

⁶ For the purposes of this Agreement, "services" and "commercial presence" shall have the same meaning as in paragraphs 1 (a) and 1(l) of Article 1.2 (Definitions) of the Agreement on Trade in Services.

⁷ For the purposes of the relationship between the Agreement on Trade in Services and the Agreement on Investment, the Parties confirm that services encompass any service in any sector including, but not limited to those classified in service sectors, subsectors and activities under the Services Sectoral Classification List of the WTO contained in the document MTN.GNS/W/120, dated July 10, 1991.

⁸ For greater certainty, Article 1.17 (Investor-State Dispute Settlement) applies to investment disputes, in relation to such covered investments, between a Party and an investor of the other Party concerning an alleged breach of an obligation solely under the Articles referred to in this paragraph except for Article 1.21 (Duration).

circumstances, to its own investors and investments with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments in its territory.

2. The treatment to be accorded by a Party under paragraph 1 means, with respect to a regional level of government, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that regional level of government to investors, and to investments of investors, of the Party of which it forms a part.

ARTICLE 1.5: MOST-FAVORED-NATION TREATMENT⁹

1. Each Party shall accord to investors of the other Party treatment no less favorable than that it accords, in like circumstances, to investors of any non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments in its territory.

2. Each Party shall accord to covered investments treatment no less favorable than that it accords, in like circumstances, to investments in its territory of investors of any non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments.

ARTICLE 1.6: MINIMUM STANDARD OF TREATMENT¹⁰

1. Each Party shall accord to covered investments treatment in accordance with customary international law, including fair and equitable treatment and full protection and security.

2. For greater certainty, paragraph 1 prescribes the customary international law minimum standard of treatment of aliens as the minimum standard of treatment to be afforded to covered investments. The concepts of “fair and equitable treatment” and “full protection and security” do not require treatment in addition to or beyond that which is required by that standard, and do not create additional substantive rights. The obligation in paragraph 1 to provide:

- (a) “fair and equitable treatment” includes the obligation not to deny justice in criminal, civil, or administrative adjudicatory proceedings in accordance with the principle of due process embodied in the principal legal systems of the world; and
- (b) “full protection and security” requires each Party to provide the level of police protection required under customary international law.

⁹ For greater certainty, Article 1.5 (Most-Favored-Nation Treatment) shall not apply to investor-state dispute settlement mechanisms such as those set out in Section C (Settlement of Disputes between an Investor and the Disputing Party).

¹⁰ Article 1.6 (Minimum Standard of Treatment) shall be interpreted in accordance with Annex A (Customary International Law).

3. A determination that there has been a breach of another provision of this Agreement, or of a separate international agreement, does not establish that there has been a breach of this Article.

ARTICLE 1.7: COMPENSATION FOR LOSSES

A Party shall accord to investors of the other Party whose covered investment suffered losses due to war or other armed conflict, state of national emergency, civil strife or other similar events in its territory, treatment no less favorable than that accorded, in like circumstances, to its own investors or investors of a non-Party whichever is more favorable, relating to restitution, indemnification, compensation or any other forms of settlement.

ARTICLE 1.8: PERFORMANCE REQUIREMENTS

1. Neither Party may, in connection with the establishment, acquisition, expansion, management, conduct, operation, or sale or other disposition of an investment in its territory of an investor of a Party or of a non-Party, impose or enforce any requirement or enforce any commitment or undertaking:¹¹

- (a) to achieve a given level or percentage of domestic content;
- (b) to purchase, use, or accord a preference to goods produced in its territory, or to purchase goods from persons in its territory;
- (c) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment;
- (d) to restrict sales of goods in its territory that such investment produces by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;
- (e) to export a given level or percentage of goods;
- (f) to transfer a particular technology, a production process, or other proprietary knowledge to a person in its territory; or
- (g) to supply to a specific regional market or to the world market exclusively from its territory, one or more of the goods that such investment produces.

2. Neither Party may condition the receipt or continued receipt of an advantage, in connection with the establishment, acquisition, expansion, management, conduct, operation, or sale or other disposition of an investment in its territory of an investor of a Party or of a non-Party, on compliance with any requirement:

¹¹ For greater certainty, a condition for the receipt or continued receipt of an advantage referred to in paragraph 2 does not constitute a “commitment or undertaking” for purposes of paragraph 1.

- (a) to achieve a given level or percentage of domestic content;
- (b) to purchase, use, or accord a preference to goods produced in its territory, or to purchase goods from persons in its territory;
- (c) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment; or
- (d) to restrict sales of goods in its territory that such investment produces by relating such sales in any way to the volume or value of its exports or foreign exchange earnings.

3. Provided that such measures are not applied in an arbitrary or unjustifiable manner, and provided that such measures do not constitute a disguised restriction on international trade or investment, paragraphs 1(a), (b), and (f), and 2(a) and (b), shall not be construed to prevent a Party from adopting or maintaining measures, including environmental measures:

- (a) necessary to secure compliance with laws and regulations that are not inconsistent with this Agreement;
- (b) necessary to protect human, animal, or plant life or health; or
- (c) related to the conservation of living or non-living exhaustible natural resources.

ARTICLE 1.9: SENIOR MANAGEMENT AND BOARDS OF DIRECTORS

1. A Party shall not require an enterprise of that Party that is a covered investment to appoint to senior management positions natural persons of any particular nationality.

2. A Party may require that a majority of the board of directors, or any committee thereof, of an enterprise of that Party that is a covered investment, be of a particular nationality, or resident in the territory of the Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

ARTICLE 1.10: NON-CONFORMING MEASURES

1. Articles 1.4 (National Treatment)¹², 1.5 (Most-Favored-Nation Treatment), 1.8 (Performance Requirements), and 1.9 (Senior Management and Boards of Directors) shall not apply to:

- (a) any existing non-conforming measure that is maintained by a Party in its Schedule to Annex I;

¹² For greater certainty, measures relating to qualification requirements and procedures, technical standards and licensing requirements which do not constitute a national treatment limitation within the meaning of Article 1.4 (National Treatment) shall not be listed in Schedule to Annex I.

- (b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a); or
- (c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed at the date of the entry into force of this Agreement, with Articles 1.4 (National Treatment), 1.5 (Most-Favored-Nation Treatment), 1.8 (Performance Requirements), and 1.9 (Senior Management and Boards of Directors).

2. Articles 1.4 (National Treatment), 1.5 (Most-Favored-Nation Treatment), 1.8 (Performance Requirements), and 1.9 (Senior Management and Boards of Directors) shall not apply to any measures that a Party adopts or maintains with respect to sectors, sub-sectors or activities, as set out in its Schedule to Annex II.

3. Neither Party may, under any measure adopted after the date of entry into force of this Agreement and covered by its Schedule to Annex II, require an investor of the other Party, by reason of its nationality, to sell or otherwise dispose of an investment existing at the time the measure becomes effective.

4. Nothing in this Agreement shall be construed so as to derogate from rights and obligations under international agreements in respect of protection of intellectual property rights to which the Parties are party, including the *WTO Agreement on Trade-Related Aspects of Intellectual Property Rights* (TRIPS) and other treaties concluded under the auspices of the World Intellectual Property Organization (WIPO).

ARTICLE 1.11: TRANSFERS¹³

1. Each Party shall permit all transfers relating to a covered investment to be made freely and without delay into and out of its territory. Such transfers shall include:

- (a) the initial capital and additional amounts to maintain or increase an investment;
- (b) profits, dividends, interest, capital gains, royalty payments, license fees, technical assistance fees, management fees and other current income accruing from any covered investment;
- (c) proceeds from the total or partial sale or liquidation of all or any part of the covered investment;
- (d) payments made under a contract, including a loan agreement;
- (e) payments made pursuant to Articles 1.7 (Compensation for Losses) and 1.12 (Expropriation and Compensation); and
- (f) payments arising out of the settlement of a dispute.

¹³ For greater certainty, Annex C (Temporary Safeguard Measures) applies to this Article.

2. Each Party shall permit transfers relating to a covered investment to be made in a freely usable currency at the market rate of exchange prevailing at the time of transfer.

3. Each Party shall permit returns in kind relating to a covered investment to be made as authorized or specified in a written agreement between the Party and a covered investment or an investor of the other Party.

4. Notwithstanding paragraphs 1 and 2, a Party may prevent a transfer through the equitable, non-discriminatory, and good faith application of its laws and regulations relating to:

- (a) bankruptcy, insolvency, or the protection of the rights of creditors;
- (b) issuing, trading, or dealing in securities, futures, options, or derivatives;
- (c) criminal or penal offences;
- (d) ensuring compliance with the judgments in judicial or administrative proceedings;
or
- (e) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities.

ARTICLE 1.12: EXPROPRIATION AND COMPENSATION¹⁴

1. A Party shall not nationalize or expropriate a covered investment either directly or indirectly through measures equivalent to expropriation or nationalization (hereinafter referred to as “expropriation”), except:

- (a) for a public purpose;
- (b) in accordance with due process of law and Article 1.6 (Minimum Standard of Treatment);
- (c) on a non-discriminatory basis; and
- (d) on payment of prompt, adequate and effective compensation.

2. For the purpose of paragraph 1(d), the compensation shall:

- (a) be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place (the date of expropriation);
- (b) not reflect any change in value occurring because the intended expropriation had become known earlier;

¹⁴ This Article shall be interpreted in accordance with Annex A (Customary International Law) and Annex B (Expropriation).

- (c) be paid without delay; and
- (d) be fully realizable and freely transferable.

3. If the fair market value is denominated in a freely usable currency, the compensation referred to in paragraph 1(d) shall be no less than the fair market value on the date of expropriation, plus interest at an appropriate and reasonable rate for that currency, accrued from the date of expropriation until the date of payment.

4. If the fair market value is denominated in a currency that is not freely usable, the compensation referred to in paragraph 1(d) – converted into the currency of payment at the market rate of exchange prevailing on the date of payment – shall be no less than:

- (a) the fair market value on the date of expropriation, converted into a freely usable currency at the market rate of exchange prevailing on that date, plus
- (b) interest, at an appropriate and reasonable rate for that freely usable currency, accrued from the date of expropriation until the date of payment.

5. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights under the TRIPS Agreement, or to the revocation, limitation, or creation of intellectual property rights, to the extent that such issuance, revocation, limitation, or creation is consistent with Chapter 2 of the Framework Agreement (Intellectual Property Rights).

ARTICLE 1.13: SUBROGATION

1. If a Party or its designated agency makes a payment to any of its investors under a guarantee, contract of insurance or other form of indemnity it has granted in respect of an investment of an investor of that Party, against non-commercial risks, the other Party shall recognize the subrogation or transfer of any right or claim in respect of such investment. The Party or its designated Agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investor and shall assume the obligations related to the investment. The subrogated or transferred right or claim shall not be greater than the original right or claim of the investor.

2. Where a Party or the agency authorized by the Party has made a payment to its investor and has taken over rights and claims of the investor, that investor shall not, unless authorized to act on behalf of the Party or the agency authorized by the Party making the payment¹⁵, pursue those rights and claims against the other Party.

¹⁵ For greater certainty, Articles 1.7 (Compensation for Losses), 1.11 (Transfers), and 1.12 (Expropriation and Compensation) shall apply *mutatis mutandis* as regards payment to be made to the Party or the agency prescribed in paragraphs 1 and 2 by virtue of such recognition of rights and claims, and the transfer of such payment.

ARTICLE 1.14: SPECIAL FORMALITIES AND TREATMENT OF INFORMATION

1. Nothing in Article 1.4 (National Treatment) shall be construed to prevent a Party from adopting or maintaining a measure that prescribes special formalities in connection with covered investments, such as a requirement that covered investments be legally constituted under its laws or regulations, provided that such formalities do not materially impair the protections afforded by the Party to investors of the other Party and covered investments pursuant to this Agreement.

2. Notwithstanding Articles 1.4 (National Treatment) and 1.5 (Most-Favored-Nation Treatment), a Party may require an investor of the other Party or its covered investment to provide information concerning that investment solely for informational or statistical purposes. The Party shall protect any confidential business information from any disclosure that would prejudice the competitive position of the investor or the covered investment. Nothing in this paragraph shall be construed to prevent a Party from otherwise obtaining or disclosing information in connection with the equitable and good faith application of its law.

ARTICLE 1.15: DENIAL OF BENEFITS

1. A Party may deny the benefits of this Agreement to an investor of the other Party that is an enterprise of such other Party and to investments of such investor if the enterprise has no substantial business activities in the territory of the such other Party under whose law it is constituted or organized, and investors of a non-Party or the investors of the denying Party, own or control the enterprise.

2. The denying Party shall, to the extent practicable, notify the other Party before denying the benefits. If the denying Party provides such notice, it shall consult with the other Party at the request of the other Party.

ARTICLE 1.16: ENVIRONMENTAL AND HEALTH MEASURES

1. Each Party recognizes that it is inappropriate to encourage investments by investors of the other Party by relaxing its environmental measures. To this effect each Party should not waive or otherwise derogate from such environmental measures as an encouragement for establishment, acquisition or expansion of investments in its area.

2. Nothing in this Agreement shall be construed to prevent a Party from adopting, maintaining, or enforcing any non-discriminatory legal measures otherwise consistent with this Agreement that it considers appropriate to ensure that investment activity in its territory is undertaken in a manner sensitive to environmental or health concerns.

Section C: Settlement of Disputes between an Investor and the Disputing Party

ARTICLE 1.17: INVESTOR-STATE DISPUTE SETTLEMENT

1. This Article applies to investment disputes between a Party and an investor of the other Party concerning an alleged breach of Articles 1.4 (National Treatment), 1.5 (Most-Favored-Nation Treatment), 1.6 (Minimum Standard of Treatment), 1.7 (Compensation for Losses), paragraphs 1 and 2(d) of 1.8 (Performance Requirements), 1.9 (Senior Management and Boards of Directors), 1.11 (Transfers), 1.12 (Expropriation and Compensation), 1.13 (Subrogation), and 1.14 (Special Formalities and Treatment of Information), which causes loss or damage by reason of, or arising out of, that breach to:

- (a) the investor in relation to its covered investments; or
- (b) the covered investment that has been made by that investor, relating to the management, conduct, operation or sale or other disposition of a covered investment.

2. A natural person possessing the nationality or citizenship of a Party shall not pursue a claim against that Party under this Agreement.

3. An investment may not make a claim under this Article.

4. In the event of an investment dispute arising under this Article, the disputing parties shall as far as possible resolve the dispute through consultation and negotiation, a request of which shall be made in writing, with a view towards reaching an amicable settlement.

5. Any such dispute which has not been resolved within a period of six months from the date of written request for consultations may be submitted to any competent courts or administrative tribunals of the disputing Party provided that such courts or tribunals have jurisdictions over such claims or to arbitration. In the latter event, the investor has the choice among any of the following:

- (a) the ICSID Convention and the ICSID Rules of Procedure for Arbitration Proceedings, provided that both the disputing Party and the non-disputing Party are parties to the ICSID Convention;
- (b) the ICSID Additional Facility Rules, provided that either the disputing Party or the non-disputing Party, but not both, is a party to the ICSID Convention;
- (c) the UNCITRAL Arbitration Rules; or
- (d) any other arbitration institution or any other arbitration rules, if the disputing parties so agree.

6. Once the investor has submitted the dispute to either the courts or administrative tribunals of the disputing Party or any of the arbitration mechanisms provided for in paragraph 5, the choice of forum shall be final.

7. Each Party hereby consents to the submission of a dispute to international arbitration under paragraph 5 in accordance with this Article, conditional upon:

- (a) the submission of the dispute to such arbitration taking place within three years of the time at which the disputing investor became aware, or should reasonably have become aware, of a breach of an obligation under this Agreement and of the loss or damage incurred by the disputing investor in relation to its covered investment or by the covered investment;
- (b) the disputing investor providing written notice, which shall be delivered at least 90 days before the claim to arbitration is submitted, to the disputing Party of its intent to submit the dispute to such arbitration and which:
 - (i) states the name and address of the disputing investor and the covered investment;
 - (ii) selects one of the fora in paragraph 5 as the forum for dispute settlement;
 - (iii) waives its right to initiate any proceedings, excluding proceedings for interim injunctive relief referred to in paragraph 8, before any of the other dispute settlement fora referred to in paragraph 5 in relation to the matter under dispute; and
 - (iv) briefly summarizes the alleged breach of the disputing Party under this Agreement (including the articles alleged to have been breached) and the loss or damage allegedly caused to the investor in relation to its covered investment or caused to the covered investment; and
- (c) In deciding whether an investment dispute is within the jurisdiction of ICSID and competence of the tribunal, the arbitral tribunal established under paragraph 5(a) or 5(b) shall comply with the notification submitted by the Republic of Turkey on March 3, 1989 to ICSID in accordance with Article 25 (4) of ICSID Convention, concerning classes of disputes considered suitable or unsuitable for submission to the jurisdiction of ICSID, as an integral part of this Agreement.

8. Notwithstanding paragraph 6, the disputing investor may initiate or continue an action that seeks interim injunctive relief and does not involve the payment of monetary damages or resolution of the substance of the matter in dispute before a court or administrative tribunals of the disputing Party, provided that the action is brought for the sole purpose of preserving the disputing investor's rights and interests during the pendency of the arbitration.

9. A Party shall not give diplomatic protection, or bring an international claim, in respect of a dispute which one of its investors and the other Party shall have consented to submit or have submitted to arbitration under this Article, unless such other Party has failed to abide by and comply with the award rendered in such dispute. Diplomatic protection, for the purposes of this paragraph, shall not include informal diplomatic exchanges for the sole purpose of facilitating a settlement of the dispute.

10. The arbitral tribunal established under paragraph 5 shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.

11. The arbitral tribunal established under this Section may take into account domestic law of the disputing Party where it is relevant to the factual basis of the claim.¹⁶

12. The arbitral tribunal shall decide as a preliminary question any objection by the disputing Party that a dispute is not within the tribunal's competence or jurisdiction, or that, as a matter of law, a claim submitted is not a claim for which an award in favor of the disputing investor may be made under paragraph 19.

13. Unless the disputing parties otherwise agree, the arbitral tribunal shall comprise three arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties.

14. The disputing parties may agree on the legal place of any arbitration under the arbitral rules applicable under paragraph 5 of this Article. If the disputing parties fail to reach an agreement, the tribunal shall determine the place in accordance with the applicable arbitral rules, provided that the place shall be in the territory of a State that is a party to the New York Convention.

15. The non-disputing Party may make oral or written submissions to the arbitral tribunal on a question of interpretation of this Agreement. On the request of a disputing party, the non-disputing Party should resubmit its oral submission in writing.

16. An interpretation jointly formulated and agreed upon by the Parties with regard to any provision of this Agreement shall be binding on any tribunal established there under this Section.

17. The tribunal may order an interim measure of protection to preserve the rights of a disputing party, or to ensure that the tribunal's jurisdiction is made fully effective, including an order to preserve evidence in the possession or control of a disputing party or to protect the tribunal's jurisdiction. The tribunal may not order attachment or enjoin the application of a measure alleged to constitute a breach referred to in paragraph 1. For purposes of this paragraph, an order includes a recommendation.

18. The disputing Party may not assert as a defense, counter-claim, right of set-off or for any other reason, that the disputing investor has received or will receive indemnification or other compensation for all or part of the alleged damages pursuant to an insurance or guarantee contract, except with respect to any subrogation as provided for in Article 1.13 (Subrogation).

19. The award rendered by the arbitral tribunal shall include:

- (a) a judgment whether or not there has been a breach by the disputing Party of any obligation under the provisions referred to in paragraph 1.17.1 with respect to the disputing investor and its investments; and
- (b) a remedy if there has been such breach. The remedy shall be limited to one or both of the following:
 - (i) payment of monetary damages and applicable interest; and

¹⁶ For greater certainty, domestic law of the disputing Party should be considered as facts.

- (ii) restitution of property, in which case the award shall provide that the disputing Party may pay monetary damages and any applicable interest in lieu of restitution.

Costs may also be awarded in accordance with the applicable arbitration rules.

20. An award made by a tribunal shall be final and binding upon the disputing parties. An award shall have no binding force except between the disputing parties and in respect of the particular case. Each Party shall, in its territory, make provision for the effective enforcement of the awards and shall carry out without delay the provision of the award in accordance with its relevant laws and regulations.

Section D: Exceptions

ARTICLE 1.18: TAXATION

Nothing in this Agreement shall affect the rights and obligations of any Party under any tax agreement to which the Party is a party. In the event of any inconsistency between this Agreement and any such agreement, that agreement shall prevail to the extent of the inconsistency.

ARTICLE 1.19: SECURITY EXCEPTIONS

Article 8.3 (Security Exceptions) of the Framework Agreement is incorporated into and made a part of this Agreement, *mutatis mutandis*.

Section E: Final Provisions

ARTICLE 1.20: ENTRY INTO FORCE

1. This Agreement shall be approved by the Parties in accordance with their own procedures.
2. This Agreement shall enter into force on the first day of the second month, following the date of the exchange of the written notifications through diplomatic channels, by which the Parties inform each other that all necessary requirements foreseen by their domestic legislation for the entry into force of this Agreement have been fulfilled, or on such other date as the Parties may agree.

ARTICLE 1.21: DURATION

1. This Agreement shall be valid indefinitely.

2. Either Party may notify in writing the other Party of its intention to terminate this Agreement.

3. The termination shall take effect six months after the notification under paragraph 2.

4. In the event that this Agreement, or the Framework Agreement, or the Agreement on Trade in Services is terminated, the provisions of this Agreement, except national treatment provisions under Articles 1.4 (National Treatment) and 1.10 (Non-Conforming Measures) of this Agreement with regard to establishment, acquisition or expansion of investments, and the provisions of aforesaid Agreements other than this Agreement to the extent that they are necessary for or consequential to the application of this Agreement after the date of termination, shall continue to be in effect with respect to investments made or acquired before the date of termination of such Agreement, for a further period of 10 years after the date of termination and without prejudice to the application thereafter of the rules of general international law.

ARTICLE 1.22: AMENDMENTS

The Parties may agree, in writing, to amend this Agreement. An amendment shall enter into force after the Parties exchange written notifications certifying that they have completed their respective applicable legal requirements and procedures, or on such other date as the Parties may agree.

ARTICLE 1.23: ANNEXES

The Annexes to this Agreement shall form an integral part thereof.

ARTICLE 1.24: AUTHENTIC TEXTS

This Agreement is drawn up in duplicate in the Turkish, Korean and English languages, each of these texts being equally authentic. In case of divergence, the English text shall prevail.

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorized thereto, have signed this Agreement on Investment under the Framework Agreement.

DONE at Seoul, Republic of Korea, in duplicate, this twenty sixth day of February two thousand and fifteen.

**For the Government of the
Republic of Turkey**

**For the Government of the
Republic of Korea**

**Nihat ZEYBEKCI
Minister of Economy**

**Sang-Jick YOON
Minister of Trade, Industry and Energy**

ANNEX A
CUSTOMARY INTERNATIONAL LAW

The Parties confirm their shared understanding that “customary international law” generally and as specifically referenced in Article 1.6 (Minimum Standard of Treatment) and Annex B (Expropriation) results from a general and consistent practice of States that they follow from a sense of legal obligation. With regard to Article 1.6 (Minimum Standard of Treatment), the customary international law minimum standard of treatment of aliens refers to all customary international law principles that protect the economic rights and interests of aliens.

ANNEX B

EXPROPRIATION¹⁷

The Parties confirm their shared understanding that:

- (a) An action or a series of actions by a Party cannot constitute an expropriation unless it interferes with a tangible or intangible property right in an investment.
- (b) Article 1.12.1 (Expropriation and Compensation) addresses two situations. The first is direct expropriation, where an investment is nationalized or otherwise directly expropriated through formal transfer of title or outright seizure.
- (c) The second situation addressed by Article 1.12.1 (Expropriation and Compensation) is indirect expropriation, where an action or series of actions by a Party has an effect equivalent to direct expropriation without formal transfer of title or outright seizure.
 - (i) The determination of whether an action or series of actions by a Party, in a specific fact situation, constitutes an indirect expropriation requires a case-by-case, fact-based inquiry that considers, among other factors:
 - (A) the economic impact of the government action, although the fact that an action or series of actions by a Party has an adverse effect on the economic value of an investment, standing alone, does not establish that an indirect expropriation has occurred;
 - (B) the extent to which the government action interferes with distinct, reasonable investment-backed expectations;¹⁸and
 - (C) the character of the government action, including its objectives and context. Relevant considerations could include whether the investor bears a disproportionate burden, such as a special sacrifice, that exceeds what the investor or investment should be expected to endure for the public interest.
 - (ii) Except in rare circumstances, such as, for example, when a measure or series of measures have an extremely severe or disproportionate effect in light of its purpose, non-discriminatory regulatory actions by a Party that are designed and applied to protect legitimate public welfare objectives, such as public health, safety, the environment, and real estate price stabilization(through, for example, measures to improve the housing

¹⁷ For the purposes of Article 1.12 (Expropriation and Compensation) and this Annex, Article 8.1 (Taxation) of the Framework Agreement shall not apply.

¹⁸ For greater certainty, whether an investor's investment-backed expectations are reasonable depends in part on the nature and extent of governmental regulation in the relevant sector. For example, an investor's expectations that regulations will not change are less likely to be reasonable in a heavily regulated sector than in a less heavily regulated sector.

conditions for low-income households), do not constitute indirect expropriations.¹⁹

¹⁹ For greater certainty, the list of “legitimate public welfare objectives” in subparagraph (c)(ii) is not exhaustive.

ANNEX C
TEMPORARY SAFEGUARD MEASURES

1. Nothing in this Agreement, the Agreement on Trade in Services and Annex C (Financial Services) of the Agreement on Trade in Services shall be construed to prevent a Party from adopting or maintaining temporary safeguard measures with regard to payment and capital movements:

- (a) in the event of serious balance of payments and external financial difficulties or under threat thereof; or
- (b) in cases where, in exceptional circumstances, payments and capital movements cause or threaten to cause serious difficulties for the operation of monetary or exchange rate policies in the Party concerned.

2. The measures referred to in paragraph 1:

- (a) are in effect for a period not to exceed one year; however if extremely exceptional circumstances arise such that the Party seeks to extend such measures, such Party will coordinate in advance with the other Party concerning the implementation of any proposed extension;
- (b) are not confiscatory;
- (c) do not constitute a dual or multiple exchange rate of practice;
- (d) do not otherwise interfere with investor's ability to earn a market rate of return in the territory of the Party on any restricted assets;²⁰
- (e) shall be consistent with the *Articles of Agreement of the IMF*, as may be amended;
- (f) avoid unnecessary damage to the commercial, economic and financial interests of the other Party;
- (g) shall not exceed those necessary to deal with the circumstances described in paragraph 1;
- (h) are temporary and phased out progressively as the situation specified in paragraph 1 improves;
- (i) are applied in a manner consistent with Articles 1.4 (National Treatment) and 1.5 (Most-Favored-Nation Treatment) of the Agreement on Investment and Articles 1.5 (National Treatment), 1.7 (MFN and Future liberalization) of the Agreement on the Trade in Services subject to Schedule set out in Annex I, Annex II, and

²⁰ For greater certainty, for Korea, the term "restricted assets" in subparagraph (d) refers only to assets invested in the territory of Korea by an investor of Turkey that are restricted from being transferred out of the territory of Korea.

relevant Annexes in this Agreement or the Agreement on the Trade in Services;
and

(j) shall be promptly notified to the other Party.

3. Nothing in this Agreement, the Agreement on Trade in Services, or Annex C (Financial Services) of the Agreement on Trade in Services shall be regarded as altering the rights enjoyed and obligation undertaken by a Party as a party to the *Articles of Agreement of the International Monetary Fund*.

ANNEX I
EXPLANATORY NOTES

1. The Schedule of a Party to this Annex sets out, pursuant to Article 1.10 (Non-Conforming Measures), that Party's existing measures that are not subject to some or all of the obligations imposed by:

- (a) Article 1.4 (National Treatment);
- (b) Article 1.5 (Most-Favored-Nation Treatment);
- (c) Article 1.8 (Performance Requirements); or
- (d) Article 1.9 (Senior Management and Boards of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the article(s) referred to in paragraph 1 that, pursuant to Article 1.10.1(a), do not apply to the non-conforming aspects of the law, regulation, or other measure, as set out in paragraph 3;
- (c) **Measures**²¹ identifies the laws, regulations, or other measures for which the entry is made. A measure cited in the **Measures** element:
 - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement; and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (d) **Description** sets out commitments, if any, for liberalization on the date of entry into force of this Agreement, and the remaining non-conforming aspects of the measure for which the entry is made.

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

- (a) the **Measures** element is qualified by a liberalization commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element

²¹ For greater certainty, a change in the level of government at which a measure is administered or enforced does not, by itself, decrease the conformity of the measure with the obligations referred to in Article 1.10.1.

should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Article 1.10.1(a), and subject to Article 1.10.1(c), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that entry.

5. For each Party, **foreign person** means a foreign national or an enterprise organized under the domestic law of the other Party or any other non-Party.

ANNEX I
SCHEDULE OF KOREA

Sector:	Agriculture and Livestock
Obligations Concerned:	National Treatment (Article 1.4)
Measures:	<i>Foreign Investment Promotion Act</i> (Law No. 12225, January 10, 2014), Article 4 <i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 25249, March 11, 2014), Article 5 <i>Notice of the Ministry of Trade, Industry and Energy</i> (Notice No. 2013-37, May 30, 2013), Attached table 2
Description:	Foreign persons may not: (i) invest in an enterprise engaged in rice or barley farming; or (ii) hold 50 percent or more of the equity interest of an enterprise engaged in beef cattle farming.

Sector:	Manufacturing of Biological Products
Obligations Concerned:	Performance Requirements (Article 1.8)
Measures:	<i>Pharmaceutical Affairs Act</i> (Law No. 12450, March 18, 2013), Article 42 <i>Regulations on Safety of Pharmaceuticals, Etc</i> (Ordinance of the Prime Minister No. 1081, May 9, 2014), Article 11
Description:	A person who manufactures blood products must procure raw blood materials from a blood management body in Korea.

Sector:	Energy Industry - Electric Power
Obligations Concerned:	National Treatment (Article 1.4)
Measures:	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 12383, January 28, 2014), Article 168 <i>Enforcement Decree of the Financial Investment Services and Capital Markets Act</i> (Presidential Decree No. 24697, August 27, 2013), Article 187 <i>Foreign Investment Promotion Act</i> (Law No. 12225, January 10, 2014), Articles 4 and 5 <i>Enforcement Decree of the Foreign Investment Promotion Act</i>, (Presidential Decree No. 25249, March 11, 2014), Article 5 <i>Consolidated Public Notice for Foreign Investment</i> (Public Notice of the Ministry of Trade, Industry and Energy No. 2014-163, April 10, 2014), Attached Table <i>Designation of Public Corporation</i> (Notice of the Ministry of Finance and Economy, No. 2000-17, September 28, 2000) <i>Financial Investment Service Regulations</i> (Financial Services Commission Notice No. 2013-44, December 31, 2013), Sec. 6-2
Description:	The aggregate foreign share of Korea Electric Power Corporation (KEPCO)'s issued stocks may not exceed 40 percent. A foreign person may not become the largest shareholder of KEPCO. The aggregate foreign share of power generation facilities, including cogeneration facilities of heat and power (GHP) for the district heating system (DHS), may not exceed 30 percent of the total facilities in the territory of Korea. The aggregate foreign share of electric power transmission, distribution and sales businesses should be less than 50 percent. A foreign person may not be the largest shareholder.

Sector:	Energy Industry - Gas Industry
Obligations Concerned:	National Treatment (Article 1.4)
Measures:	<i>Act on the Improvement of Managerial Structure and Privatization of Public Enterprises</i> (Law No. 11845, May 28, 2013), Article 19 <i>Financial Investment Services and Capital Markets Act</i> (Law No. 12383, January 28, 2014), Article 168 <i>Foreign Investment Promotion Act</i> (Law No. 12225, January 10, 2014), Articles 4 and 5 <i>Articles of Incorporation of the Korea Gas Corporation</i> (August 9, 2012), Article 11
Description:	Foreign persons, in the aggregate, may not own more than 30 percent of the equity of Korea Gas Corporation (KOGAS).

ANNEX I
SCHEDULE OF TURKEY

Sector:	All Sectors
Obligations Concerned:	National Treatment (Article1.4)
Measures:	<i>Turkish Civil Code</i> (Law No. 4721, as amended by Law No. 4778, January 2, 2003), Articles 92 and 117
Description:	Foreign non-profit enterprises must obtain prior authorization from the Ministry of Interior in order to establish an enterprise in the territory of Turkey or to acquire shares of an existing enterprise or to do other business activities.

Sector:	All Sectors
Obligations Concerned:	National Treatment (Article1.4) Senior Management and Boards of Directors (Article1.9)
Measures:	<i>Turkish Commercial Code</i> (Law No. 6102, February 14, 2011), Article 40
Description:	Establishment of a branch of an enterprise headquartered abroad requires the appointment of a natural person representative with domicile in Turkey, who is duly authorized by the enterprise to fully represent it.

Sector:	Pharmaceuticals and Medical Products
Obligations Concerned:	Senior Management and Boards of Directors (Article1.9)
Measures:	<i>Law on Pharmaceuticals and Medical Products</i> (Law No. 1262, as amended by Law No. 6243 February 8, 1954), Article 5
Description:	An enterprise which will produce pharmaceuticals or medical products has to be directed by a responsible director “ <i>mesul müdür</i> ”, who is a medical doctor, a pharmacist, or a chemist, or where the necessity of the specialization required so under the Law, a veterinarian or a dentist. The responsible director referred shall be Turkish National.

Sector:	Mining
Obligations Concerned:	Senior Management and Boards of Directors (Article1.9)
Measures:	<i>Law on Mining</i> (Law No. 3213, June 4, 1985), Article16
Description:	Enterprises that have license to extract coccolith, sapropel and hydrogen sulfide from the sea are required to appoint at least one member of the Board of Directors and at least one auditor from the Turkish Petroleum Corporation (“ <i>Türkiye Petrolleri Anonim Ortaklığı</i> ”) or a subsidiary of it.

Sector:	Petroleum
Obligations Concerned:	National Treatment (Article1.4) Senior Management and Boards of Directors (Article1.9) Performance Requirements (Article1.8)
Measures:	<i>Turkish Petroleum Law</i> (Law No. 6491, May 30, 2013), Articles 18 and 22 <i>Regulation on Licensing in Petroleum Market</i> (Published in the Official Gazette on June 17, 2004), Article 7 <i>Notice on Blending Ethanol with Gasoline Types</i> (Published in the Official Gazette on July 7, 2012) Article 5
Description:	A Foreign person who will apply to obtain license for refinery of petroleum products must be resident in Turkey, registered in trade or industrial register and must be an income or corporate taxpayer in Turkey. Types of the gasoline that are delivered by a refinery license owner via tank truck filling units shall meet the local production requirements of <i>Notice on Blending Ethanol with Gasoline Types</i>.

Sector:	Fishery
Obligations Concerned:	National Treatment (Article1.4)
Measures:	<i>Law on Fisheries</i> (Law No. 1380, March 22, 1971), Article 21 <i>Regulation on Fisheries</i> (Published in the Official Gazette on March 10, 1995), Article 5 <i>Notice on Commercial Fishing</i> (Notice No: 2012/65 Published in the Official Gazette on August 18, 2012) Article 21
Description:	Foreign Persons cannot engage in fish hunting in Turkish territorial sea and internal waters. Enterprises that are established in Turkey in conformity with the legislation on Foreign Direct Investment are subject to prior authorization and license requirements of the Ministry of Food, Agriculture and Livestock. Foreign persons cannot operate in Tuna fishing by renting Turkish vessels.

Sector:	Agriculture
Obligations Concerned:	Senior Management and Boards of Directors (Article1.9)
Measures:	<i>Articles of Incorporation of Turkish Agricultural Credit Cooperatives</i> , Articles 30 and 37
Description:	All members of the boards of directors and auditors of Turkish Agricultural Credit Cooperatives (<i>“Türkiye Tarım Kredi Kooperatifleri”</i>) must be Turkish nationals.

ANNEX II
EXPLANATORY NOTES

1. The Schedule of a Party to this Annex sets out, pursuant to Article 1.10 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which that Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 1.4 (National Treatment);
- (b) Article 1.5 (Most-Favored-Nation Treatment);
- (c) Article 1.8 (Performance Requirements); or
- (d) Article 1.9 (Senior Management and Boards of Directors).

2. Each Schedule entry sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Obligations Concerned** specifies the article(s) referred to in paragraph 1 that, pursuant to Article 1.10.2 do not apply to the sectors, subsectors, or activities scheduled in the entry;
- (c) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry; and
- (d) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Article 1.10.2, the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.

4. For each Party, **foreign person** means a foreign national or an enterprise organized under the domestic law of the other Party or any other non-Party.

ANNEX II
SCHEDULE OF KOREA

Sector: All Sectors

Obligations Concerned: National Treatment (Article 1.4)
Performance Requirements (Article 1.8)

Description: 1. Korea reserves the right to adopt, with respect to the establishment or acquisition of an investment, any measure that is necessary for the maintenance of public order pursuant to Article 4 of the *Foreign Investment Promotion Act* (2014) and Article 5 of the *Enforcement Decree of the Foreign Investment Promotion Act* (2014), provided that Korea promptly provides written notice to Turkey that it has adopted such a measure and that the measure:

- (a) is applied in accordance with the procedural requirements set out in the *Foreign Investment Promotion Act* (2014), *Enforcement Decree of the Foreign Investment Promotion Act* (2014), and other applicable law;
- (b) is adopted or maintained only where the investment poses a genuine and sufficiently serious threat to the fundamental interests of society;
- (c) is not applied in an arbitrary or unjustifiable manner;
- (d) does not constitute a disguised restriction on investment; and
- (e) is proportional to the objective it seeks to achieve.

2. Without prejudice to any claim that may be submitted to arbitration pursuant to Article 1.17 (Investor-State Dispute Settlement), a claimant may submit to arbitration under Section C (Settlement of Disputes between an Investor and the Disputing Party) of the Agreement on Investment a claim that:

- (a) Korea has adopted a measure for which it has provided notice pursuant to paragraph 1; and
- (b) the claimant or, as the case may be, an enterprise of Korea that is a juridical person that the claimant owns or controls directly or indirectly,

has incurred loss or damage by reason of, or arising out of, the measure.

In the event of such a claim, Section C (Settlement of Disputes between an Investor and the Disputing Party) of the Agreement on Investment shall apply, *mutatis mutandis*, and all references in Section C (Settlement of Disputes between an Investor and the Disputing Party) of the Agreement on Investment to a breach, or to an alleged breach, of an obligation under Section B(Investment) of the Agreement on Investment shall be understood to refer to the measure, which would constitute a breach of an obligation under Section B (Investment) of the Agreement on Investment but for this entry. However, no award may be made in favor of the claimant, if Korea establishes to the satisfaction of the tribunal that the measure satisfies all the conditions listed in subparagraphs (a) through (e) of paragraph 1.

Existing Measures:

Foreign Investment Promotion Act (Law No. 12225, January 10, 2014), Article 4

Enforcement Decree of the Foreign Investment Promotion Act (Presidential Decree No. 25249, March 11, 2014), Article 5

Sector:	All Sectors
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the defense industry. Foreign investors (stipulated in Article 2 of the <i>Foreign Investment Promotion Act</i>) who intend to acquire the outstanding shares of a defense industry company (enterprises stipulated in Article 3 of the <i>Defense Acquisition Program Act</i>) other than the newly issued ones shall obtain a prior permission from the Minister of Trade, Industry and Energy.
Existing Measures:	<i>Foreign Investment Promotion Act</i> (Law No. 12225, January 10, 2014), Article 6 <i>Defense Acquisition Program Act</i> (Law No. 12748, June 11, 2014), Article 35

Sector:	All Sectors
Obligations Concerned:	National Treatment (Article 1.4) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the transfer or disposition of equity interests or assets held by state enterprises or governmental authorities. Such a measure shall be implemented in accordance with the provisions of Chapter 4 (Transparency) of the Framework Agreement. This entry does not apply to former private enterprises that are owned by the state as a result of corporate reorganization processes. For purposes of this entry: A state enterprise shall include any enterprise created for the sole purpose of selling or disposing of equity interests or assets of state enterprise or governmental authorities. Without prejudice to Korea's commitments undertaken in Annex I and Annex II, Korea reserves the right to adopt or maintain any measure with respect to the transfer to the private sector of all or any portion of services provided in the exercise of governmental authority.
Existing Measures:	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 12383, January 28, 2014), Article 168

Sector:	Acquisition of Land
Obligations Concerned:	National Treatment (Article 1.4)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the acquisition of land by foreign persons, except that a juridical person shall continue to be permitted to acquire land where the juridical person: 1. is not deemed foreign under Article 2 of the <i>Foreigner's Land Acquisition Act</i>, or 2. is deemed foreign under the <i>Foreigner's Land Acquisition Act</i> or is a branch of a foreign juridical person subject to approval or notification in accordance with the <i>Foreigner's Land Acquisition Act</i>, if the land is to be used for any of the following legitimate business purposes: (a) land used for ordinary business activities; (b) land used for housing for senior management; or (c) land used for fulfilling land-holding requirements stipulated by pertinent laws. Korea reserves the right to adopt or maintain any measure with respect to the acquisition of farmland by foreign persons.
Existing Measures:	<i>Foreigner's Land Acquisition Act</i> (Law No. 12591, May 20, 2014), Articles 2 through 6 <i>Farmland Act</i> (Law No. 11998, August 6, 2013), Article 6

Sector:	Firearms, Swords, Explosives, and Similar Items
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the firearms, swords, explosives, gas sprays, electric shocks, and crossbows sector, including the manufacture, use, sale, storage, transport, import, export, and possession of firearms, swords, explosives, gas sprays, electric shocks, and crossbows.

Sector:	Disadvantaged Groups
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Korea reserves the right to adopt or maintain any measure that accords rights or preferences to socially or economically disadvantaged groups, such as the disabled, persons who have rendered distinguished services to the state, and ethnic minorities.

Sector:	All Sectors
Obligations Concerned:	Most-Favored-Nation Treatment (Article 1.5)
Description:	Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement. Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving: (a) aviation; (b) fisheries; or (c) maritime matters, including salvage.

Sector:	All Manufacturing Sectors
Obligations Concerned:	Performance Requirements (Article 1.8)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the following measures: the obligation to recycle products and packaging materials; the submission of recycling performance plans and results; payment of applicable recycling levies. Manufacturers who are under recycling duties and those to whom such manufacturers have entrusted their recycling duties shall follow the recycling standards for their products and packaging materials prescribed by the Minister of Environment. Furthermore, the above persons shall submit the recycling duty performance plans and result reports each year, and shall pay the recycling levy in case of failure to satisfy the amounts of the prescribed recycling duty.
Existing Measures:	<i>Act on the Promotion of Saving and Recycling of Resources</i> (Law No. 12319, January 21, 2014), Articles 16, 17, 18, 19 and 27 <i>Act for Resource Recycling of Electrical and Electronic Equipment and Vehicle</i> (Law No. 11913, July 16, 2013), Articles 15, 16, 16-2, 16-3, 16-4, 17, 18, 18-2, 18-3 and 21

Sector:	Low-emission Motor Vehicles
Obligations Concerned:	Performance Requirements (Article 1.8)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the following measures: the obligation to distribute a certain percentage of low-emission motor vehicles; the submission and approval of plans to distribute low-emission motor vehicles. A distributor of motor vehicles shall submit an annual plan to supply low-emission motor vehicles in accordance with the annual popularization standard of low-emission motor vehicle. The distributor shall obtain approval of the plan by the Minister of Environment and report business results to the Minister of Environment.
Existing Measures:	<i>Special Act on Metropolitan Air Quality Improvement</i> (Law No. 11909, July 16, 2013), Article 23 <i>Enforcement Decree of the Special Act on Metropolitan Air Quality Improvement</i> (Presidential Decree No. 25080, January 14, 2014), Article 26

Sector:	Atomic Energy Industry
Obligations Concerned:	National Treatment (Article 1.4) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the atomic energy industry.

Sector:	Energy Industry - Electric Power
Obligations Concerned:	National Treatment (Article 1.4) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the electric power industry. Any such measure shall not decrease the level of foreign ownership permitted in the electric power industry as provided by the entry in Korea's Schedule to Annex I related to Energy Industry (electric power). Notwithstanding this entry, Korea shall not adopt or maintain any measure inconsistent with Article 1.8.1(f).

Sector:	Energy Industry - Gas industry
Obligations Concerned:	National Treatment (Article 1.4) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Korea reserves the right to adopt or maintain any measure with respect to the gas industry. Any such measure shall not decrease the level of foreign ownership permitted in the gas industry as provided by the entry in Korea's Schedule to Annex I related to Energy Industry (gas industry).

Sector:	Fishing
Obligations Concerned:	National Treatment (Article 1.4)
Description:	Korea reserves the right to adopt or maintain any measure with respect to fishing activities in Korea's territorial waters and Exclusive Economic Zone.

ANNEX II
SCHEDULE OF TURKEY

Sector:	All Sectors
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to the transfer or disposition of equity interests or assets held by state enterprises or governmental authorities.

Sector:	All Sectors
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain, with respect to the establishment or acquisition of an investment by foreign nationals or foreign enterprise, any measure that is necessary for the maintenance of public order.

Sector:	All Sectors
Obligations Concerned:	Most-Favored-Nation Treatment (Article 1.5)
Description:	Turkey reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.

Sector:	All Sectors
Obligations Concerned:	Performance Requirements (Article 1.8)
Description:	Turkey reserves the right to adopt or maintain any measure with regard to hazardous chemicals and hazardous waste.
Existing Measures:	<i>Law on Environment</i> (Law No. 2872, as amended by Law No. 5491, April 26, 2006), Article 13

Sector:	Acquisition of Immovable Property and Limited <i>Rights in rem</i>
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to acquisition of immovable property and limited rights <i>in rem</i> over them by foreign persons, and enterprises established in Turkey in which foreign persons have shares. Maximum size of immovable property and limited rights <i>in rem</i> over them that a foreign national²² may acquire is 30 hectares in total within the territory of the Republic of Turkey. Acquisition of immovable property and limited rights <i>in rem</i> is subject to the restrictions of the laws and regulations of the Republic of Turkey. Foreign nationals, in the aggregate, may not acquire more than 10 percent of the total lands available for private possession in a district. (“ilçe”, which is the smallest administrative division) Foreign companies (“<i>Kendi Ülkesinin Kanuna Göre Kurulu, Tüzel Kişiliği Haiz Şirket</i>”), which are established under laws of its country and has juridical personality, may acquire immovable property and limited rights <i>in rem</i> over them solely in accordance with special laws (<i>Tourism Incentive Law, Turkish Petroleum Law, and Industrial Zones Law</i>). Other enterprises which are not incorporated in this definition may not acquire immovable property and limited rights <i>in rem</i> over them. Foreign companies (“<i>Kendi Ülkesinin Kanuna Göre Kurulu, Tüzel Kişiliği Haiz Şirket</i>”) must have prior authorization from the Turkish Ministry of Food, Agriculture and Livestock in order to acquire immovable property and limited rights <i>in rem</i> over them which are classified as agricultural land according to <i>Law on Protection of Soil and Use of Land</i> (Law No.5403). When it is deemed necessary for national interest or security, Council of Ministers may ban, suspend partially or fully, restrict and/or determine acquisition of immovable property and limited rights <i>in rem</i> over them in respect with country, personality, geographical zone, time period, number, proportion, type, qualification, area and/or quantity by foreign persons.

²² Only nationals of the countries that are determined by a Cabinet Decree may possess immovable property and limited rights *in rem* over them with in the territory of the Republic of Turkey when deemed necessary with regard to national relations.

Foreign persons shall present the project that they will develop on an immovable property to the consent of the relevant Ministry in two years.

The immovable properties or the limited rights *in rem* over them that are acquired in violation of this Article (*Land Registry Law*, Article 35) or that are determined by the relevant Ministry or authority that they are not used in accordance with the purpose of the acquisition or in case the projects of which are not conducted in given period of time, or not presented to consent of the relevant Ministry or authority, and the immovable properties or the limited rights *in rem* over them that are acquired by inheritance apart from restrictions mentioned in Paragraph 1, will be liquidated; and the value of liquidation will be paid to the owner unless the owner fulfill the liquidation in a certain period of time determined by the Ministry of Finance, and this period shall not be longer than a year.

A company (“*Tüzel Kişiliği Haiz Şirket*”) which has legal personality and established and registered in conformity with Turkish Laws and registered in Turkey, has right to acquire immovable property and limited rights *in rem* over them only to conduct business activities stated in the articles of incorporation, in case foreign persons have 50 percent or more than 50 percent shares of such company (“*Tüzel Kişiliği Haiz Şirket*”) or have the right to appoint or remove the majority of people who have management rights.

If such companies directly or indirectly acquire shares of another company (“*Tüzel Kişiliği Haiz Şirket*”) that is established in Turkey, the latter company (“*Tüzel Kişiliği Haiz Şirket*”) shall be subject to the same conditions specified in Paragraph 1; provided that the foreign persons acquire or possess 50 percent or more of total shares in such company (“*Tüzel Kişiliği Haiz Şirket*”) or the shares of foreign persons reach or exceed, directly or indirectly, 50 percent of total shares of a Turkish company (“*Tüzel Kişiliği Haiz Şirket*”) which possesses immovable property including in case of transfer of shares.

Without prejudice to *Military Forbidden Zones and Security Zones Law*, acquisition of immovable property and limited rights *in rem* over them by such companies (“*Tüzel Kişiliği Haiz Şirketler*”) in military forbidden zones, military security zones or other zones stated in Article 28 of this Law requires permission from the Presidency of General Staff or the Command Office that is authorized by the Presidency of General Staff. Acquisition of immovable property and limited rights *in rem* over them by such companies (“*Tüzel Kişiliği Haiz*

Şirketler”) in the special security zones is subject to permission from the Office of the Province Governor where the land is located.

Utilization purposes of immovable properties that are acquired in accordance with the Article 36 of the *Land Registry Law*, will be monitored by the Office of the Province Governor.

Existing Measures:

Land Registry Law (Law No. 2644, as amended by Law No. 6302, May 3, 2012), Articles 35 and 36

Military Forbidden Zones and Security Zones Law (Law No. 2565, December 22, 1981)

Sector:	Firearms, Swords, Explosives, Munitions, War Materials and Similar Items
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to the firearms, swords, explosives, munitions or war materials sector, including the manufacture, use, sale, storage, transport, import, export, and possession of firearms, swords, explosives, munitions or war materials.

Sector:	Defense Industry
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to the defense industry.

Sector:	Manufacturing of Biological Products
Obligations Concerned:	National Treatment (Article 1.4) Performance Requirements (Article 1.8)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to manufacturing of blood products.

Sector:	Atomic Energy and Nuclear Energy, Atomic Materials, Radioactive materials, Radioactive Waste Management
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to the atomic energy and nuclear energy industry including generation and sale of atomic energy and nuclear energy, production of atomic and radioactive materials, and radioactive waste management.

Sector: Aquaculture

Obligations Concerned: National Treatment (Article 1.4)

Description: Turkey reserves the right to adopt or maintain any measure with respect to aquaculture activities in Turkey's internal waters, territorial sea and Exclusive Economic Zone.

Sector:	Manufacturing of Sugar
Obligations Concerned:	Performance Requirements (Article 1.8)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to manufacturing of sugar.
Existing Measures:	<i>Law on Sugar</i> (Law No. 4634, as amended by Law No. 6111, February 13, 2011), Article 5 <i>Regulation on Raw Material and Sugar Prices</i> (June 28, 2002), Articles 4 and 5

Sector:	Manufacturing of Tobacco Products
Obligations Concerned:	Performance Requirements (Article 1.8)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to manufacturing of tobacco products.
Existing Measures:	<i>Law on Organization and Duties of Tobacco and Alcohol Market Regulatory Authority</i> (Law No. 4733, as amended by Law No. 6111 February 13, 2011), Article 8

Sector:	Natural Gas
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to the natural gas industry.

Sector:	Boron, Thorium and Uranium
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to boron, thorium and uranium minerals.
Existing Measures:	<i>Law on the Exploitation of Boron Salts, Trona and Asfaltit Minerals and Nuclear Energy Raw Materials, and Return of Lignite and Iron Fields</i> , (Law No. 2840. June 13, 1983) <i>Law on Mining</i> , (Law No 3213, June 4, 1985), Article 50

Sector:	Electric Power Generation
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain any measure with respect to electric power generation sector.

Sector:	Disadvantaged Groups
Obligations Concerned:	National Treatment (Article 1.4) Most-Favored-Nation Treatment (Article 1.5) Performance Requirements (Article 1.8) Senior Management and Boards of Directors (Article 1.9)
Description:	Turkey reserves the right to adopt or maintain any measure that accords rights or preferences to socially or economically disadvantaged groups, such as the disabled, and persons who have rendered distinguished services to the state.

FRAMEWORK AGREEMENT

ESTABLISHING A FREE TRADE AREA

BETWEEN

THE REPUBLIC OF TURKEY

AND

THE REPUBLIC OF KOREA

PREAMBLE

The Republic of Turkey and the Republic of Korea (hereinafter referred to as “the Parties” or “Turkey” or “Korea,” where appropriate);

RECOGNISING their longstanding and strong friendship based on common principles, values and history;

DESIRING to further strengthen their economic relationship as part of, and in a manner coherent with, their overall relations, and convinced that this Framework Agreement will create a new climate for the development of trade and investment between the Parties;

CONVINCED that this Framework Agreement will create an expanded and secure market for goods and services and a stable and predictable environment for investment, thus enhancing the competitiveness of their firms in global markets;

DESIRING to promote transparency for all interested parties;

SEEKING to establish clear and mutually advantageous rules governing their trade and investment and to reduce or eliminate the barriers to mutual trade and investment;

DESIRING to raise living standards, promote economic growth and stability, create new employment opportunities and improve the general welfare by liberalising and expanding mutual trade and investment;

DECLARING their readiness to undertake activities with a view to promoting harmonious development of their trade as well as to expanding and diversifying their mutual cooperation in the fields of joint interest, thus creating a framework and supportive environment based on equality, non-discrimination, and a balance of rights and obligations;

BUILDING on their respective rights and obligations under the *Marrakesh Agreement Establishing the World Trade Organization*, done on 15 April 1994 and other multilateral, regional and bilateral agreements and arrangements to which they are party;

RESOLVED to contribute to the strengthening and reinforcement of the multilateral trading system as established through the World Trade Organization; and

DESIRING to strengthen the development and enforcement of labour and environmental laws and policies, promote basic workers’ rights and sustainable development;

HAVE AGREED as follows:

CHAPTER 1 INITIAL PROVISIONS AND GENERAL DEFINITIONS

ARTICLE 1.1: ESTABLISHMENT OF A FREE TRADE AREA

The Parties hereby establish a free trade area in accordance with this Framework Agreement.

ARTICLE 1.2: OBJECTIVES

The objectives of the Turkey-Korea FTA are:

- (a) to gradually liberalise and facilitate substantially all trade in goods between the Parties in conformity with Article XXIV of “GATT 1994”;
- (b) to gradually liberalise trade in services and investment between the Parties, in conformity with Article V of “GATS”;
- (c) to promote competition in their economies, particularly as it relates to economic relations between the Parties;
- (d) to adequately and effectively protect intellectual property rights;
- (e) 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;
- (f) 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
- (g) 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 1.3: GENERAL DEFINITIONS

For the purposes of this Framework Agreement, unless otherwise specified

days means calendar days;

DSU means *Understanding on Rules and Procedures Governing the Settlement of Disputes*, in Annex 2 to the WTO Agreement;

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

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

GATT 1994 means the *General Agreement on Tariffs and Trade 1994*, in Annex 1A to the WTO Agreement;

goods means products as understood in GATT 1994;

Joint Committee means the Joint Committee established under Article 7.1 (Joint Committee);

Turkey-Korea FTA means the Turkey-Korea Free Trade Agreement established by this Framework Agreement and other relevant agreements stipulated in Article 1.4.2;

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

national means:

- (a) for Korea, a Korean national within the meaning of the *Nationality Act*; and
- (b) for Turkey, a Turkish citizen within the meaning of the *Turkish Constitution*;

person means a natural person or a juridical person;

state enterprise means an enterprise that is owned, or controlled through ownership interests, by a Party;¹

territory means:

- (a) for Korea, the land, maritime, and airspace under its sovereignty, and those maritime areas, including the seabed and subsoil adjacent to and beyond the outer limit of the territorial seas over which it may exercise sovereign rights or jurisdiction in accordance with international law and its law; and
- (b) for Turkey, the land territory, internal waters, the territorial sea and the airspace above them, as well as the maritime areas over which Turkey has sovereign rights or jurisdiction for the purpose of exploration, exploitation and preservation of natural resources whether living or non-living pursuant to international law;

¹ For greater certainty, ownership, or control through ownership interests, may be direct or indirect.

TRIPS Agreement means the *Agreement on Trade-Related Aspects of Intellectual Property Rights*, in Annex 1C to the WTO Agreement;²

WTO means the World Trade Organization; and

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

ARTICLE 1.4: RELATION WITH OTHER AGREEMENTS

1. The Parties confirm their rights and obligations under the WTO Agreement and under any other international agreements to which they are a party.
2. The following agreements shall form part of legal instruments establishing the Turkey-Korea FTA upon their respective entry into force:
 - (a) this Framework Agreement;
 - (b) the Agreement on Trade in Goods under this Framework Agreement as provided for in Article 1.5.1;
 - (c) agreements on trade in services and on investment that may be concluded in accordance with Article 1.5.2 to Article 1.5.4; and
 - (d) any other agreements such as government procurement that may be concluded in the context of the Turkey-Korea FTA.
3. Except as otherwise provided in this Framework Agreement, this Framework Agreement or any action taken under it shall not affect or nullify the rights and obligations of a Party under the existing agreements to which it is a party.

ARTICLE 1.5: LIBERALISATION

1. The Parties shall gradually liberalise substantially all the trade in goods between the Parties over a transitional period starting from the date of entry into force of and in accordance with the Agreement on Trade in Goods under this Framework Agreement and in conformity with Article XXIV of GATT 1994.
2. The Parties shall gradually liberalise trade in services and investment between the Parties in conformity with Article V of GATS.
3. The Parties shall begin negotiations on agreements on trade in services and on investment immediately after entry into force of the Agreement on Trade in Goods.

² For greater certainty, “TRIPS Agreement” includes any waiver in force between the Parties of any provision of the TRIPS Agreement granted by WTO Members in accordance with the WTO Agreement.

4. The Parties, without prejudging the outcome of the negotiations, shall facilitate negotiations on agreements on trade in services and investment under this Framework Agreement with a goal of concluding the negotiations no later than one year after entry into force of the Agreement on Trade in Goods.

ARTICLE 1.6: DISPUTE SETTLEMENT

1. Without prejudice to the outcome of negotiations on the agreements to be concluded stipulated in Article 1.4.2, any dispute concerning the interpretation, implementation or application of the Turkey-Korea FTA shall be resolved through the procedures and mechanism as set out in Chapter 6 (Dispute Settlement).

2. Notwithstanding paragraph 1, any disputes arising from paragraph 4 of Article 1.5 shall not be subject to Chapter 6 (Dispute Settlement).

CHAPTER 2

INTELLECTUAL PROPERTY RIGHTS

ARTICLE 2.1: GENERAL PROVISIONS

1. The Parties recognise the importance of intellectual property in promoting economic and social development, technological innovation, and the transfer and dissemination of technology to the mutual advantage of technology producers and users, particularly in the new digital economy.
2. The Parties shall ensure an adequate and effective implementation of the international treaties dealing with intellectual property to which they are party, including the TRIPS Agreement. This Chapter shall complement and specify the rights and obligations between the Parties under the TRIPS Agreement.
3. The objectives of this Chapter are:
 - (a) to facilitate the production and commercialisation of innovative and creative products in the Parties; and
 - (b) to achieve an adequate and effective level of protection and enforcement of intellectual property rights.
4. For the purposes of the Turkey-Korea FTA, intellectual property rights embody:
 - (a) copyright, including copyright in computer programmes and in databases, and related rights;
 - (b) patents and utility models;
 - (c) trademarks;
 - (d) service marks;
 - (e) designs;
 - (f) layout-designs (topographies) of integrated circuits;
 - (g) geographical indications;
 - (h) plant varieties; and
 - (i) protection of undisclosed information.
5. The Parties agree to exchange views and information on their practices and policies affecting transfer of technology, both within their respective territories and with non-parties. This shall in particular include measures to facilitate information flows, business partnerships, licensing and subcontracting. Particular attention shall be paid to the conditions necessary to create an adequate enabling environment for technology transfer in

the host countries, including, *inter alia*, issues such as development of human capital and legal framework.

6. Nothing in this Chapter shall prevent a Party from adopting appropriate measures to prevent the abuse of intellectual property rights by right holders or the resort to practices that unreasonably restrain trade or adversely affect the international transfer of technology provided that such measures are consistent with the Turkey-Korea FTA.

7. The Parties shall provide the legal means for interested parties to prevent commercial use of country names of the other Party in relation to goods in a manner which is likely to mislead consumers as to the origin of such goods.

8. The Parties agree to cooperate with a view to supporting implementation of the commitments and obligations undertaken under this Chapter. Areas of cooperation include, but are not limited to, the following activities:

- (a) notification of contact points;
- (b) exchange of information on the legal framework concerning intellectual property rights and relevant rules of protection and enforcement;
- (c) exchange of experiences on legislative progress;
- (d) exchange of experiences on enforcement of intellectual property rights;
- (e) exchange of information regarding the intellectual property systems, aimed at promoting the efficient registration of industrial property rights;
- (f) capacity-building;
- (g) promotion and dissemination of information on intellectual property rights in, *inter alia*, business circles and civil society;
- (h) promotion of public awareness of consumers and right holders; and
- (i) other activities and initiatives as may be mutually determined between the Parties.

ARTICLE 2.2: COPYRIGHT AND RELATED RIGHTS

Protection Granted

1. The Parties shall comply with:

- (a) Articles 1 through 22 of the *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting*

Organizations (1961) (hereinafter referred to as the “Rome Convention”);

- (b) Articles 1 through 18 of the *Berne Convention for the Protection of Literary and Artistic Works* (1971) (hereinafter referred to as the “Berne Convention”);
- (c) Articles 1 through 14 of the *World Intellectual Property Organization* (hereinafter referred to as the “WIPO”) *Copyright Treaty* (1996) (hereinafter referred to as the “WCT”); and
- (d) Articles 1 through 23 of the *WIPO Performances and Phonograms Treaty* (1996) (hereinafter referred to as the “WPPT”).

Protection of Technological Measures

2. Each Party shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by right holders of any copyright or related rights in connection with the exercise of their rights under each Party’s domestic laws and that restrict acts, in respect of their works or other subject matters, which are not authorised by the right holders of copyright or related rights concerned or permitted by the law of a Party.

Protection of Rights Management Information

3. Each Party shall provide adequate legal protection against any person knowingly performing without authority any of the following acts:

- (a) the removal or alteration of any electronic rights management information; or
- (b) the distribution, importation for distribution, broadcasting, communication or making available to the public of works or other subject matter protected under the Turkey-Korea FTA from which electronic rights management information has been removed or altered without authority,

if such person knows, or has reasonable grounds to know, that by doing so it is inducing, enabling, facilitating or concealing an infringement of any copyright or any rights related to copyright as provided by the law of the relevant Party.

4. For the purposes of the Turkey-Korea FTA, **rights management information** means any information provided by right holders which identifies the work or other subject matter referred to in the Turkey-Korea FTA, the author or any other right holder, or information about the terms and conditions of use of the work or other subject matter, and any numbers or codes that represent such information.

5. Paragraph 4 shall apply when any of these items of information is associated with a copy of, or appears in connection with the communication to the public of, a work or other subject matter referred to in the Turkey-Korea FTA.

ARTICLE 2.3: TRADEMARKS

1. Each Party may provide that trademarks include certification marks or guarantee marks.

2. Each Party shall provide that the owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs, at least for goods or services that are identical or similar to those goods or services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion. In the case of the use of an identical sign, for identical goods or services, a likelihood of confusion shall be presumed.

3. Each Party may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

4. Both Parties reaffirm the obligations under the *Paris Convention for the Protection of Industrial Property* (1967) and the TRIPS Agreement with respect to protection of well-known marks³. Additionally, for the protection of well-known marks with respect to identical or similar goods or services, neither Party shall deny remedies or relief solely because of the lack of:

- (a) a registration;
- (b) inclusion on a list of well-known marks; or
- (c) prior recognition of the mark as well-known.

5. Each Party shall provide a system for the registration of trademarks in which the reasons for a refusal to register a trademark shall be communicated in writing and may be provided electronically to the applicant or his/her representative who will have the opportunity to contest such refusal and to appeal a final refusal judicially. Each Party shall also introduce the possibility to oppose trademark applications. The Parties shall provide a publicly available electronic database of trademark applications and trademark registrations.

6. Each Party shall provide that initial registration and each renewal of registration of a trademark shall be for a term of no less than 10 years.

³ For the purposes of determining whether a mark is well-known, neither Party shall require that the reputation of the trademark extend beyond the sector of the public that normally deals with the relevant goods or services.

7. Each Party shall provide a system that permits owners to assert rights in marks, and interested parties to challenge rights in marks, through administrative or judicial means, or both.

ARTICLE 2.4: PROTECTION OF GEOGRAPHICAL INDICATIONS

1. With the recognition of the importance of the protection of geographical indications, each Party shall provide a system for the protection of geographical indications in accordance with Section 3, Part II of the TRIPS Agreement regarding Geographical Indications and protect the geographical indications of the other Party in accordance with its legislation.

2. The names listed in the Turkish List of Annex 2 are geographical indications which have been registered under Turkey's relevant laws, within the meaning of paragraph 1 of Article 22 of the TRIPS Agreement. Subject to Korea's laws and regulations, in a manner that is consistent with the TRIPS Agreement, such names will be protected as geographical indications in the territory of Korea.

3. The names listed in the Korean List of Annex 2 are geographical indications which have been registered under Korea's relevant laws, within the meaning of paragraph 1 of Article 22 of the TRIPS Agreement. Subject to Turkey's laws and regulations, in a manner that is consistent with the TRIPS Agreement, such names will be protected as geographical indications in the territory of Turkey.

4. The Parties shall enter into consultations to protect additional geographical indications, at the request of any Party, after the entry into force of this Framework Agreement. As a result of these consultations, the Parties shall protect, under the terms stated in the Turkey-Korea FTA, such geographical indications.

ARTICLE 2.5: ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

1. Each Party shall establish provisions for the enforcement of intellectual property rights in its domestic laws in accordance with the TRIPS Agreement, in particular Articles 41 through 61.

2. Without prejudice to its domestic laws, each Party shall provide measures to curtail repeated copyright and related rights infringement on the internet.

ARTICLE 2.6: MONITORING AND REVIEW

1. The implementation of this Chapter shall be regularly monitored by the Parties. If problems in the area of intellectual property affecting trading conditions were to occur, consultations in the Joint Committee shall be undertaken, on request of a Party, with a view to reaching mutually satisfactory solutions.

2. In pursuance of the objectives of this Chapter, the Parties shall enter into consultations with a view to reviewing the overall implementation of this Chapter and

achieving a higher level of intellectual property rights protection, on request of a Party, after three years from the date of entry into force of this Framework Agreement.

ANNEX 2
GEOGRAPHICAL INDICATIONS

PART A. GEOGRAPHICAL INDICATIONS OF TURKEY

Name to be protected	Product	Transcription into Korean alphabet
Hereke carpet	Carpet	헤레케 카펫/헤레케 카페트
Bünyan carpet	Carpet	분얀 카펫/분얀 카페트

PART B. GEOGRAPHICAL INDICATIONS OF KOREA

Name to be protected	Product	Transcription into Latin alphabet
고려홍삼 (Korean Red Ginseng)	Red Ginseng	Goryeo Hongsam
고려백삼 (Korean White Ginseng)	White Ginseng	Goryeo Baeksam

CHAPTER 3 COMPETITION

ARTICLE 3.1: DEFINITIONS

For the purposes of this Chapter

competition laws means

- (a) for Turkey, *Act No 4054 on the Protection of Competition*, and its implementing regulations and amendments;
- (b) for Korea, *the Monopoly Regulation and Fair Trade Act* and its implementing regulations and amendments; and
- (c) any changes that instruments set out in this Article may undergo after this Framework Agreement enters into force.

anti-competitive practices means

- (a) agreements and concerted practices⁴ between undertakings, decisions and practices by associations of undertakings, which have as their object or effect the prevention, restriction or distortion of competition in the territory of either Party;
- (b) any abuse by one or more undertakings of a dominant position in the territory of either Party; or
- (c) concentrations between undertakings, which significantly lessen competition, in particular as a result of the creation or strengthening of a dominant position in the territory of either Party.

ARTICLE 3.2: PRINCIPLES

1. The Parties recognise the importance of free and undistorted competition in their trade relations. The Parties undertake to apply their respective competition laws so as to prevent the benefits of the trade liberalisation process from being removed or eliminated by anti-competitive practices.

2. The Parties shall maintain in their respective territories comprehensive competition laws which effectively address restrictive agreements, concerted practices and abuse of dominant position, and which provide effective control of concentrations between undertakings.

⁴ The application of this Chapter to concerted practices is determined by each Party's competition laws.

ARTICLE 3.3: IMPLEMENTATION

1. The Parties shall maintain an authority responsible and appropriately equipped for the implementation of the competition laws.
2. The Parties recognise the importance of applying their respective competition laws in a transparent, timely and non-discriminatory manner, respecting the principles of procedural fairness and rights of defence of the parties concerned.

ARTICLE 3.4: COOPERATION

1. The Parties recognise the importance of cooperation and coordination between their respective competition authorities to further enhance effective competition law enforcement and to fulfil the objectives of the Turkey-Korea FTA.
2. The Parties shall cooperate in relation to their respective enforcement policies and in the enforcement of their respective competition laws, including through notification, consultation and exchange of non-confidential information.

ARTICLE 3.5: CONSULTATION

1. To foster mutual understanding between the Parties, or to address specific matters that arise under this Chapter and without prejudice to the autonomy of each Party to develop, maintain and enforce its competition laws and policies, each Party shall, upon request of the other Party, enter into consultations on issues raised by the other Party.
2. The Party to which a request for consultations has been addressed shall give full and sympathetic consideration to the concerns of the other Party.

ARTICLE 3.6: NOTIFICATION

1. Each Party shall, through its competition authority, notify the competition authority of the other Party of an enforcement activity regarding anti-competitive practices if it considers that such enforcement activity may substantially affect important interests of the other Party.
2. Provided that it is not contrary to the Parties' competition laws and does not affect any investigation being carried out, the notification shall take place at an early stage of the enforcement activity.

ARTICLE 3.7: CONFIDENTIALITY

1. The competition authority of a Party shall, upon request of the competition authority of the other Party, endeavour to provide information to facilitate effective enforcement of their respective competition laws, provided that it does not affect any

ongoing investigation and is compatible with the rules and standards of confidentiality of each Party.

2. The competition authority of each Party shall maintain the confidentiality of any information provided in confidence by the competition authority of the other Party and shall not disclose such information to any entity that is not authorised by the competition authority providing the information.

ARTICLE 3.8: STATE ENTERPRISES

1. Each Party shall ensure that state enterprises are subject to their respective competition laws and do not adopt or maintain any anti-competitive practices that affect trade between the Parties, insofar as the application of this provision does not obstruct the performance, in law or in fact, of the particular tasks assigned to them.

2. Nothing in paragraph 1 shall be construed to prevent a Party from establishing or maintaining state enterprises.

ARTICLE 3.9: DISPUTE SETTLEMENT

Neither Party shall have recourse to Chapter 6 (Dispute Settlement) for any matter arising under this Chapter.

CHAPTER 4 TRANSPARENCY

ARTICLE 4.1: EXCHANGE OF INFORMATION

1. On request of the other Party, and to the extent possible under its domestic legislation, a Party shall promptly provide information and reply to any question from the requesting Party relating to an actual or proposed measure that might substantially affect the operation of the Turkey-Korea FTA.
2. The information referred to under this Chapter shall be considered to have been provided when the information has been made available by appropriate notification to the WTO or when the information has been made available on the official, public and fee-free accessible website of the Party concerned.
3. Nothing in the Turkey-Korea FTA shall require any Party to disclose confidential information, the disclosure of which would impede law enforcement, otherwise be contrary to the public interest or prejudice the legitimate commercial interests of any economic operator.
4. In the case of any inconsistency between the provisions of this Chapter and provisions relating to transparency in other Chapters of the Turkey-Korea FTA, the latter shall prevail to the extent of the inconsistency.

ARTICLE 4.2: PUBLICATION AND ADMINISTRATIVE PROCEEDINGS

1. For the purposes of this Article, **interested person** means any natural or juridical person that may be subject to any rights or obligations under measures of general application within the meaning of paragraph 2.
2. Each Party shall exert its best efforts to ensure that its laws, regulations and administrative rulings of general application relating to trade matters covered by the Turkey-Korea FTA, are promptly published or made publicly available.
3. To the extent possible under its domestic legislation, each Party shall provide interested persons and the other Party reasonable prior notice of measures to implement its laws, regulations and administrative rulings of general application relating to trade matters covered by the Turkey-Korea FTA, and a reasonable opportunity to comment on such measures on request of the other Party.

ARTICLE 4.3: REVIEW AND APPEAL

Without prejudice to its domestic legislation:

- (a) Each Party shall establish or maintain judicial, quasi-judicial or administrative tribunals or procedures for the purposes of the prompt review and, where warranted, correction of administrative action relating

to matters covered by the Turkey-Korea FTA. Such tribunals shall be impartial and independent of the office or authority entrusted with administrative enforcement and shall not have any substantial interest in the outcome of the matter.

- (b) Each Party shall ensure that, in any such tribunals or procedures, the parties to the proceeding are provided with the right to:
 - (i) a reasonable opportunity to support or defend their respective positions; and
 - (ii) a decision based on the evidence and submissions on record or, where required by its domestic legislation, the record compiled by the administrative authority.
- (c) Each Party shall ensure, subject to appeal or further review as provided for in its domestic legislation, that such decision shall be implemented by, and shall govern the practice of, the office or authority with respect to the administrative action at issue.

CHAPTER 5

TRADE AND SUSTAINABLE DEVELOPMENT

ARTICLE 5.1: CONTEXT AND OBJECTIVES

1. Recalling *Agenda 21 on Environment and Development of 1992*, the *Johannesburg Plan of Implementation on Sustainable Development of 2002*, and the *2006 Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work*, the Parties reaffirm their commitments to promoting the development of international trade in such a way as to contribute to the objective of sustainable development and shall strive to ensure that this objective is integrated and reflected at every level of their trade relationship.
2. The Parties recognise that economic development, social development and environmental protection are interdependent and mutually reinforcing components of sustainable development. They underline the benefit of cooperation on trade-related social and environmental issues as part of a global approach to trade and sustainable development.
3. The Parties recognise that it is not their intention in this Chapter to harmonise the environment or labour standards of the Parties, but to strengthen their trade relations and cooperation in ways that promote sustainable development in the context of paragraphs 1 and 2.

ARTICLE 5.2: SCOPE

1. Except as otherwise provided in this Chapter, this Chapter applies to measures adopted or maintained by the Parties affecting trade-related aspects of environmental and labour⁵ issues in the context of Articles 5.1.1 and 5.1.2.
2. The Parties stress that environmental and labour standards should not be used for protectionist trade purposes. The Parties note that their comparative advantage should in no way be called into question.

ARTICLE 5.3: RIGHT TO REGULATE AND LEVELS OF PROTECTION

Recognising the right of each Party to establish its own levels of environmental and labour protection, and to adopt or modify accordingly its relevant laws and policies, each Party shall seek to ensure that those laws and policies provide for and encourage high levels of environmental and labour protection, consistent with the internationally recognised standards or agreements referred to in Articles 5.4 and 5.5, and shall strive to continue to improve those laws and policies.

⁵ When labour is referred to in this Chapter, it includes the issues relevant to the *Decent Work Agenda* as agreed on in the International Labour Organization (hereinafter referred to as the “ILO”) and in the *2006 Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work*.

ARTICLE 5.4: MULTILATERAL LABOUR STANDARDS AND AGREEMENTS

1. The Parties recognise the value of international cooperation and agreements on employment and labour affairs as a response of the international community to economic, employment and social challenges and opportunities resulting from globalisation. They commit to consulting and cooperating as appropriate on trade-related labour and employment issues of mutual interest.
2. The Parties reaffirm the commitment, under the *2006 Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work*, to recognising full and productive employment and decent work for all as a key element of sustainable development for all countries and as a priority objective of international cooperation and to promoting the development of international trade in a way that is conducive to full and productive employment and decent work for all, including men, women and young people.
3. The Parties, in accordance with the obligations deriving from membership of the ILO and the *ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up*, adopted by the International Labour Conference at its 86th Session in 1998, commit to respecting, promoting and realising, in their laws and practices, the principles concerning the fundamental rights, namely:
 - (a) freedom of association and the effective recognition of the right to collective bargaining;
 - (b) the elimination of all forms of forced or compulsory labour;
 - (c) the effective abolition of child labour; and
 - (d) the elimination of discrimination in respect of employment and occupation.
4. The Parties reaffirm the commitment to effectively implementing the ILO Conventions that Turkey and Korea have ratified respectively.

ARTICLE 5.5: MULTILATERAL ENVIRONMENTAL AGREEMENTS

1. The Parties recognise the value of international environmental governance and agreements as a response of the international community to global or regional environmental problems and they commit to consulting and cooperating as appropriate with respect to negotiations on trade-related environmental issues of mutual interest.
2. The Parties reaffirm their commitment to the effective implementation in their laws and practices of the multilateral environmental agreements to which they are party.
3. The Parties reaffirm their commitment to reaching the ultimate objective of the *United Nations Framework Convention on Climate Change and its Kyoto Protocol*. The

Parties commit to cooperating on the development of the future international climate change framework in accordance with the *Bali Action Plan*.⁶

ARTICLE 5.6: TRADE FAVOURING SUSTAINABLE DEVELOPMENT

1. The Parties reconfirm that trade should promote sustainable development in all its dimensions. The Parties recognise the beneficial role that core labour standards and decent work can have on economic efficiency, innovation and productivity, and the Parties highlight the value of greater policy coherence between trade policies, on the one hand, and employment and labour policies on the other.

2. The Parties shall strive to facilitate and promote trade and foreign direct investment in environmental goods and services, including environmental technologies, sustainable renewable energy, energy-efficient products and services and eco-labelled goods, including through addressing related non-tariff barriers. The Parties shall strive to facilitate and promote trade in goods that contribute to sustainable development, including goods that are the subject of schemes such as fair and ethical trade and those involving corporate social responsibility and accountability.

ARTICLE 5.7: UPHOLDING LEVELS OF PROTECTION IN THE APPLICATION AND ENFORCEMENT OF LAWS, REGULATIONS OR STANDARDS

1. Each Party shall not fail to effectively enforce its environmental and labour laws, through a sustained or recurring course of action or inaction, in a manner affecting trade or investment between the Parties.

2. Each Party shall not weaken or reduce the environmental or labour protections afforded in its laws to encourage trade or investment, by waiving or otherwise derogating from, or offering to waive or otherwise derogate from, its laws, regulations or standards, in a manner affecting trade or investment between the Parties.

ARTICLE 5.8: SCIENTIFIC INFORMATION

The Parties recognise the importance, when preparing and implementing measures aimed at protecting the environmental and social conditions that affect trade between the Parties, of taking account of scientific and technical information, and relevant international standards, guidelines or recommendations.

ARTICLE 5.9: TRANSPARENCY

The Parties, in accordance with their respective domestic laws, agree to develop, introduce and implement any measures aimed at protecting the environment and labour conditions that affect trade between the Parties in a transparent manner.

⁶ UNFCCC Decision-1/CP.13 adopted by the 13th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

ARTICLE 5.10: COOPERATION

1. Recognising the importance of cooperating on trade-related aspects of social and environmental policies in order to achieve the objectives of the Turkey-Korea FTA, the Parties commit to initiating cooperative activities as set out in paragraph 2.

2. In order to promote the achievement of the objectives of this Chapter and to assist in the fulfilment of their obligations pursuant to it, the Parties have established the following indicative list of areas of cooperation:

- (a) exchange of views on the positive and negative impacts of the Turkey-Korea FTA on sustainable development and ways to enhance, prevent or mitigate them, taking into account sustainability impact assessments carried out by the Parties;
- (b) cooperation in international fora responsible for social or environmental aspects of trade and sustainable development, including in particular the WTO, the ILO, the *United Nations Environment Programme* and multilateral environmental agreements;
- (c) cooperation with a view to promoting the ratification of fundamental and other ILO Conventions and multilateral environmental agreements with an impact on trade;
- (d) exchange of information and cooperation on corporate social responsibility and accountability, including on the effective implementation and follow-up of internationally agreed guidelines, fair and ethical trade, private and public certification and labelling schemes including eco-labelling, and green public procurement;
- (e) exchange of views on the trade impact of environmental regulations, norms and standards;
- (f) cooperation on trade-related aspects of the current and future international climate change regime, including issues relating to global carbon markets, ways to address adverse effects of trade on climate, as well as means to promote low-carbon technologies and energy efficiency;
- (g) cooperation on trade-related aspects of biodiversity including in relation to biofuels;
- (h) cooperation on trade-related measures to promote sustainable fishing practices;
- (i) cooperation on trade-related measures to tackle deforestation including by addressing problems regarding illegal logging;

- (j) cooperation on trade-related aspects of multilateral environmental agreements, including customs cooperation;
- (k) cooperation on trade-related aspects of the ILO *Decent Work Agenda*, including on the inter-linkages between trade and full and productive employment, labour market adjustment, core labour standards, labour statistics, human resources development and life-long learning, social protection and social inclusion, social dialogue and gender equality;
- (l) exchange of views on the relationship between multilateral environmental agreements and international trade rules;
- (m) exchange of information and cooperation on the prevention of industrial pollution and best practice techniques; and
- (n) other forms of environmental cooperation as the Parties may deem appropriate.

3. The Parties shall exert their best efforts to ensure that the applications and benefits of cooperative activities between them are as broad as possible.

ARTICLE 5.11: CONTACT POINTS

1. For the purpose of implementing this Chapter, the Parties hereby establish the following contact points for environment and labour issues respectively:

- (a) for Turkey: Ministry of Environment and Urbanisation and Ministry of Labour and Social Security, or their successors; and
- (b) for Korea: Ministry of Environment and Ministry of Employment and Labor, or their successors.

2. To the extent possible under its domestic legislation, each Party shall provide information through its contact point on the request of the other Party and reply promptly to any question from the other Party relating to this Chapter. Each Party shall notify the other Party of any changes of its contact point in due time.

ARTICLE 5.12: INSTITUTIONAL MECHANISM AND DISPUTE SETTLEMENT

1. On request of a Party, the Joint Committee may decide to establish a committee or working groups to deal with any matter of mutual interest arising under this Chapter.

2. The committee or working groups to be established pursuant to paragraph 1 shall comprise officials from the relevant ministries of each Party.

3. Neither Party shall have recourse to Chapter 6 (Dispute Settlement) for any matter arising under this Chapter.

CHAPTER 6

DISPUTE SETTLEMENT

ARTICLE 6.1: OBJECTIVE

1. The objective of this Chapter is to avoid and settle any dispute between the Parties concerning the good faith application of the Turkey-Korea FTA and to arrive, where possible, at a mutually agreed solution.
2. The Parties shall at all times endeavour to agree on the interpretation and application of the Turkey-Korea FTA, and shall make every attempt through cooperation and consultations to avoid and settle disputes between the Parties and to arrive at a mutually satisfactory resolution of any matter that might affect the operation of the Turkey-Korea FTA.

ARTICLE 6.2: SCOPE

This Chapter shall apply to any dispute concerning the interpretation and application of the Turkey-Korea FTA, unless otherwise provided.

ARTICLE 6.3: CHOICE OF DISPUTE SETTLEMENT PROCEDURE

1. Recourse to the dispute settlement provisions of this Chapter shall be without prejudice to any action in the WTO framework, including dispute settlement action.
2. However, where a Party has, with regard to a particular measure, initiated a dispute settlement proceeding, either under this Chapter or under the WTO Agreement, it shall not institute a dispute settlement proceeding regarding the same measure in the other forum until the first proceeding has been concluded. In addition, unless the forum selected fails for procedural or jurisdictional reasons, a Party shall not subsequently initiate dispute settlement proceedings in the other forum, if an obligation is identical under the Turkey-Korea FTA and under the WTO Agreement.
3. For the purposes of paragraph 2:
 - (a) dispute settlement proceedings under the WTO Agreement are deemed to be initiated by a Party's request for the establishment of a panel under Article 6 of the DSU and are deemed to be concluded when the Dispute Settlement Body adopts the Panel's report, and the Appellate Body's report as the case may be, under Articles 16 and 17.14 of the DSU; and
 - (b) dispute settlement proceedings under this Chapter are deemed to be initiated by a Party's request for the establishment of an arbitration panel under Article 6.5.1 and are deemed to be concluded when the arbitration panel issues its ruling to the Parties and to the Joint Committee under Article 6.10.3.

ARTICLE 6.4: CONSULTATIONS

1. Each Party may request consultations with respect to any matter relating to the interpretation and application of the Turkey-Korea FTA, pursuant to Article 6.2.
2. In order to initiate the consultation procedure, a Party shall deliver written notification to the other Party, stating the reasons for the request, including the identification of the measure at issue and an indication of the legal basis for the complaint. A copy of the request for consultations shall be delivered to the Joint Committee.
3. The Party to which the request for consultations is made shall reply within 10 days of the date of receipt.
4. These consultations shall take place within 30 days of the date of receipt of the request for consultations. Consultations shall take place, unless the Parties agree otherwise, in the territory of the Party complained against.
5. Upon initiation of consultations, the Parties shall provide information to enable the examination of how the measure at issue might affect the interpretation and application of the Turkey-Korea FTA, and give confidential treatment to the information exchanged during consultations.
6. Consultations under this Article shall be confidential and without prejudice to the rights of either Party in any further proceedings.

ARTICLE 6.5: ESTABLISHMENT OF THE ARBITRATION PANEL

1. If the Parties do not reach a mutually satisfactory solution within 30 days of the date of receipt of the request for the consultations, the complaining Party may request the establishment of an arbitration panel.
2. The request for the establishment of an arbitration panel shall be made in writing to the Party complained against and the Joint Committee. The complaining Party shall identify in its request, the specific measure at issue, the legal basis of the complaint including any provision of the Turkey-Korea FTA, and the factual basis for the complaint.
3. The establishment of an arbitration panel shall not be requested on any matter relating to a proposed measure.

ARTICLE 6.6: TERMS OF REFERENCE OF THE ARBITRATION PANEL

Unless the Parties otherwise agree, within 20 days of the date of receipt of the request for the establishment of the arbitration panel, the terms of reference of the arbitration panel shall be:

“To examine, in the light of the relevant provisions of the Turkey-Korea FTA, the matter referred to in the request for the establishment of an arbitration panel

pursuant to Article 6.5, to make findings together with the reasons on the compatibility of the measure with the Turkey-Korea FTA, and to issue a written report containing the reasons for the findings for the resolution of the dispute.”

ARTICLE 6.7: COMPOSITION OF THE ARBITRATION PANEL

1. An arbitration panel shall consist of three arbitrators.
2. Each Party shall appoint one arbitrator, who may be its national, within 20 days of the date of receipt of the request for the establishment of the arbitration panel. The Parties shall agree on and appoint the third arbitrator, who shall be the chairperson of the arbitration panel, within 45 days of the date of receipt of the request for the establishment of the arbitration panel, taking into account the list established pursuant to paragraph 4. If the Parties fail to agree on and appoint the third arbitrator within 45 days, the third arbitrator shall be chosen within seven days by lot from the list established pursuant to paragraph 4. The selection shall be done by the chairperson of the Joint Committee, in the presence of representatives of each Party.
3. The date of establishment of an arbitration panel shall be the date on which the three arbitrators are appointed.
4. The Joint Committee shall, in its first meeting, establish a list of 10 individuals who are willing and able to serve as third arbitrator. The Joint Committee shall ensure that the list always contains 10 individuals at any point in time. These individuals shall not be a national of either Party, nor have his or her permanent place of residence in either Party, nor be employed by either Party, nor have dealt with the dispute in any capacity.
5. All arbitrators shall have specialised knowledge or experience in law, international trade or other matters relating to the Turkey-Korea FTA, or in the resolution of disputes arising under international trade agreements. Each arbitrator shall be independent, serve in their individual capacities and not be affiliated with, nor take instructions from, any Party or organisation related to the dispute, and shall comply with Annex 6-B.
6. Where a Party considers that an arbitrator does not comply with the requirements of Annex 6-B, the Parties shall consult and, if so agreed, the Parties shall replace that arbitrator in accordance with paragraph 7.
7. If an arbitrator appointed under this Article becomes unable to participate in the proceeding or resigns, or is to be replaced according to paragraph 6, a successor shall be selected within 10 days in accordance with the selection procedure followed to select that arbitrator. The successor shall have all the powers and duties of the original arbitrator. The work of the arbitration panel shall be suspended for a period beginning on the date the arbitrator becomes unable to participate in the proceeding, resigns, or is to be replaced according to paragraph 6. The work of the arbitration panel shall resume on the date the successor is appointed.

ARTICLE 6.8: PROCEEDINGS OF THE ARBITRATION PANEL

1. The arbitration panel shall meet in closed session, unless the Parties decide otherwise.
2. The Parties shall be given the opportunity to provide at least one written submission and to attend any of the presentations, statements or rebuttals in the proceedings. All information or written submissions submitted by a Party to the arbitration panel, including any comments on the interim report and responses to questions put by the arbitration panel, shall be made available to the other Party.
3. A Party asserting that a measure of the other Party is inconsistent with the Turkey-Korea FTA shall have the burden of establishing such inconsistency. A Party asserting that a measure is subject to an exception under the Turkey-Korea FTA shall have the burden of establishing that the exception applies.
4. The arbitration panel should consult with the Parties as appropriate and provide adequate opportunities for the development of a mutually satisfactory resolution.
5. The arbitration panel shall aim to make its decisions, including its report, by consensus but may also make its decisions, including its report, by majority vote.
6. On request of a Party or on its own initiative and subject to such terms and conditions as the Parties may agree within 10 days of the date of establishment of the arbitration panel, the arbitration panel may seek information from any relevant source and may consult experts to obtain their opinion or advice on certain aspects of the matter. The arbitration panel shall provide the Parties with a copy of any advice or opinion obtained and an opportunity to provide comments.
7. The deliberations of the arbitration panel and the documents submitted to it shall be kept confidential.
8. Notwithstanding paragraph 7, either Party may make public statements as to its views regarding the dispute, but shall treat as confidential information and written submissions submitted by the other Party to the arbitration panel which the other Party has designated as confidential. Where a Party has provided information or written submissions designated to be confidential, that Party shall, within 20 days of a request of the other Party, provide a non-confidential summary of the information or written submissions which may be disclosed publicly.
9. Each Party shall bear its own expenses and the cost of the arbitrator it appoints pursuant to Article 6.7.2. The cost of the chairperson of an arbitration panel and other expenses associated with the conduct of the proceedings shall be borne by the Parties in equal shares. The costs and expenses of the arbitrators shall normally conform to WTO standards.

ARTICLE 6.9: SUSPENSION OR TERMINATION OF PROCEEDINGS

1. The Parties may agree that the arbitration panel suspend its work at any time for a period not exceeding 12 months from the date of such agreement. In the event of such a suspension, the time-frames regarding the work of the arbitration panel shall be extended by the amount of time that the work was suspended. If in any case, the suspension of the work of the arbitration panel exceeds 12 months, the authority for the establishment of the arbitration panel shall lapse unless the Parties agree otherwise. This lapse shall not prejudice to the rights of the complaining Party to request, at a later stage, the establishment of an arbitration panel on the same subject matter.
2. The Parties may agree to terminate the proceedings of the arbitration panel by jointly so notifying the chair of the arbitration panel at any time before the issuance of the final report to the Parties.

ARTICLE 6.10: ARBITRATION PANEL REPORT

1. The arbitration panel shall issue to the Parties an interim report setting out the findings of facts, the applicability of the relevant provisions and the basic rationale behind any findings within 90 days of the date of establishment of the arbitration panel. If the Parties agree, the interim report may also contain recommendations. Where the arbitration panel considers that this deadline cannot be met, the chairperson of the arbitration panel must notify the Parties and the Joint Committee in writing, stating the reasons for the delay and the date on which the panel plans to issue its interim report. Under no circumstances should the interim report be issued later than 120 days after the date of the establishment of the arbitration panel.
2. Any Party may submit a written request for the arbitration panel to review precise aspects of the interim report within 14 days of the issuance of the interim report. After considering any written comments by the Parties on the interim report, the arbitration panel may modify its report and make any further examination it considers appropriate.
3. The arbitration panel shall issue its final report to the Parties and to the Joint Committee within 120 days of the date of the establishment of the arbitration panel. Where the arbitration panel considers that this deadline cannot be met, the chairperson of the arbitration panel shall notify the Parties and the Joint Committee in writing, stating the reasons for the delay and the date on which the panel plans to issue its ruling. Under no circumstances should the ruling be issued later than 150 days after the date of the establishment of the arbitration panel.
4. The report of the arbitration panel shall be drafted without the presence of the Parties. The arbitration panel shall base its report on the relevant provisions of the Turkey-Korea FTA, and the submissions and arguments of the Parties, and may take into account any other relevant information provided to the arbitration panel.
5. Arbitration panels shall interpret the Turkey-Korea FTA, in accordance with customary rules of interpretation of public international law and due account being taken of the fact that the Parties shall perform the Turkey-Korea FTA, in good faith and avoid circumvention of their obligations.

6. On matters of urgency, including those regarding perishable goods, the arbitration panel shall make every effort to issue its interim and final reports to the Parties within half of the respective time periods under paragraphs 1 and 3. The arbitration panel may issue a preliminary report on whether a case is urgent.

7. The report of the arbitration panel shall be final and binding on the Parties.

8. The report of the arbitration panel shall contain both the descriptive part summarizing the submissions and arguments of the Parties and the findings and determinations of the arbitration panel. If the Parties agree, the arbitration panel may make recommendations for resolution of the dispute in its report. The findings and determinations and, if applicable, any recommendations of the arbitration panel cannot add to or diminish the rights and obligations of the Parties provided in the Turkey-Korea FTA.

ARTICLE 6.11: IMPLEMENTATION OF THE REPORT

1. Unless the Parties agree otherwise, the Party complained against shall eliminate the non-conformity as determined in the report of the arbitration panel immediately, or if this is not practicable, within a reasonable period of time.

2. The reasonable period of time referred to in paragraph 1 shall be mutually determined by the Parties. Where the Parties fail to agree on the reasonable period of time within 45 days of the date of issuance of the final report of the arbitration panel referred to in Article 6.10, the complaining Party may refer the matter to an arbitration panel, which shall determine the reasonable period of time.

3. The Party complained against shall notify to the complaining Party the implementing measures that it has taken to comply with the determinations and, if any, recommendations of the arbitration panel, before the expiry of the reasonable period of time agreed by the Parties or determined by the arbitration panel in accordance with paragraph 2. Where there is disagreement between the Parties as to whether the Party complained against has eliminated the non-conformity as determined in the report of the arbitration panel within the reasonable period of time as determined pursuant to paragraph 2, either Party may refer the matter to an arbitration panel.

ARTICLE 6.12: NON-IMPLEMENTATION, COMPENSATION AND SUSPENSION OF CONCESSIONS OR OTHER OBLIGATIONS

1. If the Party complained against fails to notify the implementing measures before the expiry of the reasonable period of time, or notifies the complaining Party that implementation is impracticable, or the arbitration panel to which the matter is referred pursuant to Article 6.11.3 rules that the Party complained against has failed to eliminate the non-conformity within the reasonable period of time, the Party complained against shall, if so requested by the complaining Party, enter into negotiations with the complaining Party with a view to reaching a mutually satisfactory compensation.

2. If there is no agreement on satisfactory compensation within 20 days of the date of receipt of the request mentioned in paragraph 1, the complaining Party may suspend the application to the Party complained against of concessions or other obligations under the Turkey-Korea FTA, after giving notification of such suspension 30 days in advance. Such notification may only be given 20 days after the date of receipt of the request mentioned in paragraph 1.

3. The compensation referred to in paragraph 1 and the suspension referred to in paragraph 2 shall be temporary measures. Neither compensation nor suspension is preferred to full elimination of the non-conformity as determined in the report of the arbitration panel. The suspension shall only be applied until such time as the non-conformity is fully eliminated or a mutually satisfactory solution is reached.

4. In considering what concessions or other obligations to suspend pursuant to paragraph 2:

- (a) the complaining Party should first seek to suspend concessions or other obligations with respect to the same sector(s) as that in which the report of the arbitration panel referred to in Article 6.10 has found a failure to comply with the obligations under the Turkey-Korea FTA;
- (b) if the complaining Party considers that it is not practicable or effective to suspend concessions or other obligations with respect to the same sector(s), it may suspend concessions or other obligations with respect to other sectors. The notification of such suspension pursuant to paragraph 2 shall indicate the reasons on which it is based. In the selection of the benefits to suspend, the complaining Party will take into consideration those which least disturb the functioning of the Turkey-Korea FTA; and
- (c) the level of suspension referred to in paragraph 2 shall be equivalent to the level of the nullification or impairment.

5. If the Party complained against considers that the requirements for the suspension of concessions or other obligations by the complaining Party set out in paragraph 2, 3, or 4 have not been met, it may refer the matter to an arbitration panel. Concessions or other obligations shall not be suspended until the arbitration panel has issued its ruling.

6. The arbitration panel that is established for the purposes of this Article or Article 6.11 shall have, to the extent possible, as its arbitrators, the arbitrators of the original arbitration panel. If this is not possible, then the arbitrators of the arbitration panel that is established for the purposes of this Article or Article 6.11 shall be appointed pursuant to Article 6.7. The arbitration panel established under this Article or Article 6.11 shall issue its report to the Parties within 20 days on the reasonable period of time and 45 days on the other issues after the date when the matter is referred to it. When the arbitration panel considers that it cannot issue its report within the aforementioned periods, the relevant period may be extended by the arbitration panel for a maximum of 30 days with the consent of the Parties. The report shall be final and binding on the Parties.

ARTICLE 6.13: RULES OF PROCEDURE

1. Dispute settlement procedures under this Chapter shall be governed by Annex 6-A. Arbitration panels may, after consulting the Parties, adopt additional rules of procedure not inconsistent with the Turkey-Korea FTA.
2. Any time period or other rules and procedures for arbitration panels provided for in this Chapter may be modified by mutual consent of the Parties. The Parties may also agree at any time not to apply any provision of this Chapter.

ANNEX 6-A
RULES OF PROCEDURE FOR ARBITRATION

Definitions

1. For the purposes of this Chapter:

adviser means a person retained by a Party to advise or assist that Party in connection with the arbitration panel proceeding;

arbitration panel means a panel established under Article 6.5;

arbitrator means a member of an arbitration panel established under Article 6.5;

assistant means a person who, under the terms of appointment of an arbitrator, conducts research or provides assistance;

complaining Party means a Party that requests the establishment of an arbitration panel under Article 6.5;

Party complained against means the Party that is alleged to be in violation of the Turkey-Korea FTA, as referred to in Article 6.2;

representative of a Party means any person appointed by a Party according to its domestic legislation;

Logistical Administration

2. The Party complained against shall be in charge of the logistical administration of dispute settlement proceedings, in particular the organisation of hearings, unless otherwise agreed.

Notifications

3. Any request, notice, written submissions or other document delivered by either Party or the arbitration panel shall be transmitted by delivery against receipt, registered post, courier, facsimile transmission, telex, telegram or any other means of telecommunication that provides a record of the sending thereof.

4. A Party shall provide a copy of each of its written submissions to the other Party and to each of the arbitrators. A copy of the document shall also be provided in electronic format.

5. All notifications shall be made and delivered to the Ministry of Economy of the Republic of Turkey and to the Ministry of Foreign Affairs and Trade of Korea, respectively.

6. Minor errors of a clerical nature in any request, notice, written submission or other document related to the arbitration panel proceeding may be corrected by delivery of a new document clearly indicating the changes.

7. If the last day for delivery of a document falls on a legal holiday of either Party, the document may be delivered on the next business day.

Preliminary Session

8. Unless the Parties otherwise agree, they shall meet with the arbitration panel within seven days of the date of the establishment of the arbitration panel in order to determine such matters that the Parties or the arbitration panel deem appropriate, including the remuneration and expenses that shall be paid to the arbitrators.

First Submissions

9. The complaining Party shall deliver its first written submission no later than 20 days after the date of establishment of the arbitration panel. The Party complained against shall deliver its written counter-submission no later than 20 days after the date of delivery of the complaining Party's first written submission.

Operation of Arbitration Panels

10. The chairperson of the arbitration panel shall preside at all of its meetings. An arbitration panel may delegate to the chairperson authority to make administrative and procedural decisions.

11. Except as otherwise provided in the Turkey-Korea FTA, the arbitration panel may conduct its activities by any means, including telephone, facsimile transmissions or computer links.

12. Only arbitrators may take part in the deliberations of the arbitration panel, but the arbitration panel may permit assistants of the arbitrators to be present during such deliberations.

13. The drafting of any decision and ruling shall remain the exclusive responsibility of the arbitration panel and shall not be delegated.

14. Where a procedural question arises that is not covered by the Turkey-Korea FTA, an arbitration panel may adopt an appropriate procedure that is not inconsistent with the Turkey-Korea FTA.

15. When the arbitration panel considers that there is a need to modify any time period applicable in the proceeding, or to make any other procedural or administrative adjustment in the proceeding, it shall inform the Parties in writing of the reasons for the modification or adjustment with the indication of the period or adjustment needed.

Hearings

16. Unless the Parties otherwise agree, at least one hearing shall be held. The chairperson shall fix the date and time of the hearing in consultation with the Parties and the other members of the arbitration panel. The chairperson of the arbitration panel shall notify in writing to the Parties of the date, time and location of the hearing. That information shall also be made publicly available by the Party in charge of the logistical administration of the proceeding, when the hearing is open to the public.

17. Unless the Parties otherwise agree, the hearing shall be held in Seoul where the complaining Party is the Republic of Turkey, or in Ankara, where the complaining Party is the Republic of Korea.

18. The arbitration panel may convene additional hearings if the Parties so agree.

19. All arbitrators shall be present during the entirety of any hearing.

20. Representatives of a Party, advisers to a Party, administration staff, interpreters, translators, court reporters, and assistants of the arbitrators may attend the hearing(s), irrespective of whether the hearings are open to the public or not. Only the representative(s) and advisor(s) of a Party may address the arbitration panel.

21. No later than five days before the date of a hearing, each Party shall deliver to the arbitration panel a list of the names of those persons who will make oral arguments or presentations at the hearing on behalf of that Party and of other representatives or advisers who will be attending the hearing.

22. The hearings of the arbitration panels shall be closed to the public. The Parties may decide to open the hearings partially or completely to the public. The arbitration panel shall meet in closed sessions when the submissions and arguments of a Party contain business confidential information.

23. The arbitration panel shall conduct the hearing in the following manner, ensuring that the complaining Party and the Party complained against are afforded equal time:

argument

- (a) argument of the complaining Party; and
- (b) argument of the Party complained against.

rebuttal argument

- (a) reply of the complaining Party; and
- (b) counter-reply of the Party complained against.

24. The arbitration panel may direct questions to either Party at any time during a hearing.

25. The arbitration panel shall arrange for a transcript of each hearing to be prepared and shall, as soon as possible after it is prepared, deliver a copy of the transcript to the Parties.

26. Within 10 days of the date of the hearing, each Party may deliver a supplementary written submission responding to any matter that arises during the hearing.

Questions in Writing

27. The arbitration panel may at any time during the proceedings address questions in writing to a Party or both Parties. The arbitration panel shall deliver the written questions to the Party whom the questions are addressed and shall send a copy of the questions to the other Party.

28. A Party to whom the arbitration panel addresses written questions shall deliver a copy of any written reply to the other Party and to the arbitration panel. Each Party shall be given the opportunity to provide written comments on the reply within five days of the date of delivery.

Ex Parte Contacts

29. The arbitration panel shall not meet or contact a Party in the absence of the other Party.

30. No arbitrator may discuss any aspect of the subject matter of the proceeding with a Party or both Parties in the absence of the other arbitrators.

Suspension of Time Periods on Request of Technical Advice

31. The arbitration panel, consulting with the Parties and technical experts, determine the time period that the technical experts are to submit their opinions or advice. If the technical experts cannot submit their opinions or advice within the period established pursuant to the first sentence of this paragraph, the arbitration panel, consulting with the Parties, may give additional time to technical experts. In no case this additional period exceeds the half of the period established pursuant to first sentence of this paragraph.

32. When a request is made for a written report of an expert, any time period applicable to the arbitration panel proceeding shall be suspended for a period beginning on the date of delivery of the request and ending on the date the report is delivered to the arbitration panel.

Amicus Curiae Submissions

33. Unless the Parties otherwise agree within three days of the date of the establishment of the arbitration panel, the arbitration panel may receive unsolicited written

submissions from interested natural or juridical persons of the Parties, provided that they are made within 10 days of the date of the establishment of the arbitration panel, that they are concise and in no case longer than 15 typed pages, including any annexes, and that they are directly relevant to the factual and legal issue under consideration by the arbitration panel.

34. The submission shall contain a description of the person, whether natural or juridical, making the submission, including the nature of its activities and the source of its financing, and specify its nationality or place of establishment and the nature of the interest that person has in the arbitration proceeding. It shall be made in the common working language in accordance with paragraph 36.

35. The arbitration panel shall list in its ruling all the submissions that it has received and that conform to the paragraphs 33 and 34. The arbitration panel shall not be obliged to address, in its ruling, the factual or legal arguments made in such submissions. Any submission obtained by the arbitration panel under paragraphs 33, 34 and 35 shall be submitted to the Parties for their comments.

Translation and Interpretation

36. Unless otherwise agreed during the consultations referred to in Article 6.4, and no later than the meeting referred to in paragraph 8, the common working language for the proceedings of the arbitration panel shall be English. If a Party decides to use interpretation during the proceedings, the arrangement and the cost shall be borne by that Party.

Computation of Time

37. All time periods laid down in this Chapter shall be counted in calendar days, the first day being the day following the act or fact to which they refer.

38. Where, by reason of the operation of paragraph 7, a Party receives a document on a date other than the date on which the same document is received by the other Party, any period of time the calculation of which is dependent on such receipt shall be calculated from the last date of receipt of such document.

Other Proceedings

39. If an arbitration panel is established for the purposes of Articles 6.11 and 6.12, the Party making a request under these Articles shall deliver its first written submission within 10 days of the date the request is submitted, and the responding Party shall deliver its written counter-submission within 10 days of the date of delivery of the first written submission.

40. If appropriate, the arbitration panel shall fix the time limit for delivering any further written submissions, including rebuttal written submissions, so as to provide each Party with the opportunity to make an equal number of written submissions subject to the

time limits for arbitration panel proceedings set out in Articles 6.11 and 6.12 and this Annex.

41. Unless otherwise provided, this Annex is also applicable to procedures established under Articles 6.11 and 6.12.

ANNEX 6-B
CODE OF CONDUCT FOR MEMBERS OF ARBITRATION PANELS

Definitions

1. For the purposes of Chapter 6:

candidate means an individual whose name is on the list of arbitrators referred to in Article 6.7 and who is under consideration for appointment as an arbitrator under Article 6.7;

proceeding, unless otherwise specified, means an arbitration panel proceeding under Chapter 6;

staff, in respect of an arbitrator, means persons under the direction and control of the arbitrator, other than assistants.

Responsibilities to the Process

2. Every candidate and arbitrator shall avoid impropriety and the appearance of impropriety, shall be independent and impartial, shall avoid direct and indirect conflicts of interests and shall observe high standards of conduct so that the integrity and impartiality of the dispute settlement process are preserved. Former arbitrators must comply with the obligations established in paragraphs 16, 17, 18 and 19.

Disclosure Obligations

3. Prior to confirmation of his or her selection as an arbitrator under Article 6.7, a candidate shall disclose any interest, relationship or matter that is likely to affect his or her independence or impartiality or that might reasonably create an appearance of impropriety or bias in the proceeding. To this end, a candidate shall make all reasonable efforts to become aware of any such interests, relationships and matters.

4. Once selected, an arbitrator shall continue to make all reasonable efforts to become aware of any interests, relationships or matters referred to in paragraph 3 and shall disclose them. The obligation to disclose is a continuing duty which requires an arbitrator to disclose any such interests, relationships and matters that may arise during any stage of the proceeding. The arbitrator shall disclose such interests, relationships and matters by communicating them in writing to the Joint Committee for consideration by the Parties.

Duties

5. Upon selection, an arbitrator shall perform an arbitrator's duties thoroughly and expeditiously throughout the course of the proceeding.
6. An arbitrator shall carry out all duties fairly and diligently.

7. An arbitrator shall consider only those issues raised in the proceeding and necessary for a decision and shall not delegate the duty to decide to any other person.

8. An arbitrator shall take all reasonable steps to ensure that the arbitrator's assistant and staff comply with paragraphs 2, 3, 4, 17, 18 and 19.

9. An arbitrator shall not engage in *ex parte* contacts concerning the proceeding.

10. A candidate or arbitrator shall not communicate matters concerning actual or potential violations of this Annex unless the communication is made to the Joint Committee in order to ascertain whether that candidate or arbitrator has violated, or may violate, this Annex.

Independence and Impartiality of Members of Arbitration Panels

11. An arbitrator shall be independent and impartial. An arbitrator shall act in a fair manner and shall avoid creating an appearance of impropriety or bias and shall not be influenced by self-interest, outside pressure, political considerations, public clamour, and loyalty to a Party or fear of criticism.

12. An arbitrator shall not, directly or indirectly, incur any obligation or accept any benefit that would in any way interfere, or appear to interfere, with the proper performance of the arbitrator's duties.

13. An arbitrator shall not use his or her position on the arbitration panel to advance any personal or private interests. An arbitrator shall avoid actions that may create the impression that others are in a special position to influence the arbitrator.

14. An arbitrator shall not allow past or existing financial, business, professional, family or social relationships or responsibilities to influence the arbitrator's conduct or judgement.

15. An arbitrator shall avoid entering into any relationship, or acquiring any financial interest, that is likely to affect the arbitrator's impartiality or that might reasonably create an appearance of impropriety or bias.

Obligations of Former Arbitrators

16. All former arbitrators must avoid actions that may create the appearance that they were biased in carrying out their duties or derived advantage from the decision or ruling of the arbitration panel.

Confidentiality

17. An arbitrator or former arbitrator shall not at any time disclose or use any non-public information concerning the proceeding, or acquired during the proceeding, except

for the purposes of the proceeding and shall not, in any case, disclose or use any such information to gain personal advantage or advantage for others, or to affect adversely the interest of others.

18. An arbitrator shall not disclose an arbitration panel ruling or parts thereof prior to its publication.

19. An arbitrator or former arbitrator shall not at any time disclose the deliberations of an arbitration panel, or any arbitrator's view.

Responsibilities of Assistants and Staff

20. Paragraphs 2, 3, 4, 16, 17, 18 and 19 shall apply also *mutatis mutandis*, to assistants and staff.

CHAPTER 7

INSTITUTIONAL PROVISIONS

ARTICLE 7.1: JOINT COMMITTEE

1. The Parties hereby establish a Joint Committee comprising representatives of Turkey, on the one hand, and representatives of Korea, on the other.
2. The Joint Committee shall meet once a year or on request of either Party in Ankara or Seoul alternately. The Joint Committee shall be co-chaired by the Minister of Economy of Turkey and the Minister for Trade of Korea; or their respective designees. The Joint Committee shall agree on its meeting schedule and set its agenda.
3. The Joint Committee shall:
 - (a) ensure that the Turkey-Korea FTA operates properly;
 - (b) supervise and facilitate the implementation and application of the Turkey-Korea FTA, and further its general aims;
 - (c) supervise the work of all committees, working groups and other bodies established under the Turkey-Korea FTA;
 - (d) consider ways to further enhance trade relations between the Parties;
 - (e) without prejudice to the rights conferred in Chapter 6 (Dispute Settlement), seek appropriate ways and methods of forestalling problems which might arise in areas covered by the Turkey-Korea FTA, or of resolving disputes that may arise regarding the interpretation or application of the Turkey-Korea FTA;
 - (f) study the development of trade between the Parties; and
 - (g) consider any other matter of interest relating to an area covered by the Turkey-Korea FTA.
4. The Joint Committee may:
 - (a) decide to establish and delegate responsibilities to committees, working groups or other bodies;
 - (b) communicate with all interested parties including private sector and civil society organisations;
 - (c) decide to recommend to the Parties amendments to the Turkey-Korea FTA;
 - (d) adopt interpretations of the provisions of the Turkey-Korea FTA;

- (e) make recommendations or adopt decisions as envisaged by the Turkey-Korea FTA;
- (f) adopt its own rules of procedure; and
- (g) take such other actions in the exercise of its functions as the Parties may agree.

5. When a Party submits information considered as confidential under its laws and regulations to the Joint Committee, committees, working groups or any other bodies, the other Party shall treat that information as confidential.

ARTICLE 7.2: COMMITTEES AND WORKING GROUPS

1. The committees, working groups or any other bodies may be established under the auspices of the Joint Committee.
2. The composition, frequency of meetings, and functions of the committees, working groups or any other bodies may be established either by relevant provisions of the Turkey-Korea FTA or by the Joint Committee acting consistently with the Turkey-Korea FTA.
3. The committees, working groups or any other bodies shall inform the Joint Committee of their schedule and agenda sufficiently in advance of their meetings. They shall report to the Joint Committee on their activities at each regular meeting of the Joint Committee. The creation or existence of a committee, a working group or any other body shall not prevent either Party from bringing any matter directly to the Joint Committee.
4. The Joint Committee may decide to change or undertake the task assigned to a committee, a working group or any other body; or may dissolve a committee, a working group or any other body.

ARTICLE 7.3: DECISION-MAKING

1. The Joint Committee shall, for the purpose of attaining the objectives of the Turkey-Korea FTA, have the power to take decisions in respect of all matters in the cases provided by the Turkey-Korea FTA, without prejudice to the Parties' respective applicable legal requirements and procedures.
2. The decisions taken shall be binding on the Parties, which shall take the necessary measures to implement the decisions taken in accordance with their respective applicable legal requirements and procedures. The Joint Committee may also make appropriate recommendations.
3. The Joint Committee shall draw up its decisions and recommendations by agreement between the Parties.

ARTICLE 7.4: AMENDMENTS

The Parties may agree, in writing, to amend the Turkey-Korea FTA. An amendment shall enter into force after the Parties exchange written notifications certifying that they have completed their respective applicable legal requirements and procedures, or on such other date as the Parties may agree.

ARTICLE 7.5: CONTACT POINTS

1. In order to facilitate communication between the Parties on any trade matter covered by the Turkey-Korea FTA, the Parties hereby establish the following contact points:

- (a) for Turkey, the Ministry of Economy, or its successor; and
- (b) for Korea, the Ministry of Foreign Affairs and Trade, or its successor.

2. On request of either Party, the contact point of the other Party shall indicate the office or official responsible for any matter pertaining to the implementation of the Turkey-Korea FTA, and provide the required support to facilitate communication with the requesting Party. Each Party shall notify the other Party of any changes in its contact point in due time.

CHAPTER 8 EXCEPTIONS AND FINAL PROVISIONS

Section A: Exceptions

ARTICLE 8.1: TAXATION

1. For the purposes of this Article, **tax convention** means a convention for the avoidance of double taxation or other international taxation agreement or arrangement in force between the Parties; and taxation measures do not include a “customs duty” as defined in Article 2.2 (Customs Duty) of the Agreement on Trade in Goods as stipulated in Article 1.4.2 (Relation with Other Agreements).
2. Except as provided in this Article and without prejudice to the outcome of negotiations on the agreements to be concluded stipulated in Article 1.4.2 (Relation with Other Agreements), nothing in the Turkey-Korea FTA shall apply to taxation measures.
3.
 - (a) the Turkey-Korea FTA shall only grant rights or impose obligations with respect to taxation measures where corresponding rights or obligations are also granted or imposed under Article III of GATT 1994.
 - (b) Article 2.9 (Duties, Taxes or Other Fees and Charges on Exports) of the Agreement on Trade in Goods shall apply to taxation measures.
4.
 - (a) Nothing in the Turkey-Korea FTA shall affect the rights and obligations of either Party under any tax convention in force between the Parties. In the event of any inconsistency relating to a taxation measure between such tax convention and the Turkey-Korea FTA, the tax convention shall prevail to the extent of the inconsistency. In the case of a tax convention between the Parties, the competent authorities under the tax convention shall have sole responsibility for determining whether any inconsistency exists between the tax convention and the Turkey-Korea FTA.
 - (b) For the purposes of this paragraph, competent authorities are:
 - (i) in the case of Korea, the Deputy Minister for Tax and Customs, Ministry of Strategy and Finance, or his authorised representative; and
 - (ii) in the case of Turkey, the Minister of Finance, or his authorised representative.

ARTICLE 8.2: BALANCE-OF-PAYMENTS EXCEPTIONS

1. Without prejudice to the outcome of negotiations on the agreements to be concluded stipulated in Article 1.4.2 (Relation with Other Agreements), should a Party decide to impose measures for balance-of-payments purposes, it shall do so only in

accordance with its rights and obligations under GATT 1994, including the *Declaration on Trade Measures Taken for Balance of Payments Purposes* (1979 Declaration) and the *Understanding on the Balance of Payments Provisions of the GATT 1994* (BOP Understanding). In adopting such measures, the Party shall immediately consult with the other Party.

2. The Parties shall endeavour to avoid the application of the restrictive measures referred to in paragraph 1.

3. Any restrictive measure adopted or maintained under this Article shall be non-discriminatory.

ARTICLE 8.3: SECURITY EXCEPTIONS

Nothing in the Turkey-Korea FTA shall be construed:

- (a) to require a Party to furnish any information, the disclosure of which it considers contrary to its essential security interests;
- (b) to prevent a Party from taking any action which it considers necessary for the protection of its essential security interests:
 - (i) connected with the production of or trade in arms, munitions or war material or relating to economic activities carried out directly or indirectly for the purpose of provisioning a military establishment;
 - (ii) relating to fissionable and fusionable materials or the materials from which they are derived; or
 - (iii) taken in time of war or other emergency in international relations; or
- (c) to prevent a Party from taking any action in order to carry out its international obligations for the purpose of maintaining international peace and security.

Section B: Final Provisions

ARTICLE 8.4: ENTRY INTO FORCE

1. This Framework Agreement shall be approved by the Parties in accordance with their own procedures.

2. This Framework Agreement shall enter into force on the first day of the second month, following the date of the exchange of the written notifications through diplomatic channels, by which the Parties inform each other that all necessary requirements foreseen

by their domestic legislation for the entry into force of this Framework Agreement have been fulfilled, or on such other date as the Parties may agree.

ARTICLE 8.5: DURATION

1. This Framework Agreement shall be valid indefinitely.
2. Either Party may notify in writing the other Party of its intention to denounce this Framework Agreement.
3. The denunciation shall take effect six months after the notification under paragraph 2.

ARTICLE 8.6: ANNEXES

The Annexes to this Framework Agreement shall form an integral part thereof.

ARTICLE 8.7: CUSTOMS UNIONS AND FREE TRADE AREAS

1. Nothing in this Framework Agreement shall preclude the maintenance or establishment of customs unions, free trade areas or other arrangements between either of the Parties and non-parties, insofar as they do not alter the rights and obligations provided for in this Framework Agreement.
2. On request of a Party, consultations between the Parties shall take place within the Joint Committee concerning agreements establishing or adjusting customs unions or free trade areas and, where required, on other major issues related to the Parties' respective trade policies with non-parties.
3. In case of accession of Turkey to the European Union, the Parties shall enter into consultations on the consequences of the accession.

ARTICLE 8.8: AUTHENTIC TEXTS

This Framework Agreement is drawn up in duplicate in the Turkish, Korean and English languages, each of these texts being equally authentic. In case of divergence, the English text shall prevail.

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorised thereto, have signed this Framework Agreement.

DONE at Ankara, Republic of Turkey, in duplicate, this first day of August two thousand and twelve.

For the Republic of Turkey

Zafer ÇAĞLAYAN
Minister of Economy

For the Republic of Korea

Taeho BARK
Minister for Trade