



**Asia-Pacific
Economic Cooperation**

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Session 1

WTO Plus Elements of Korea-Australia Free Trade Agreement

Submitted by: Korea



APEC
PHILIPPINES
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**Trade Policy Dialogue on WTO-Plus Aspects of
Recently Concluded Regional Trade
Agreements and Free Trade Agreements
Boracay, Philippines
14 May 2015**

WTO Plus Elements of Korea-Australia FTA

May 14th, 2015



MINISTRY OF
TRADE, INDUSTRY & ENERGY

Hongsang AHN



Overview

History

- ▶ Announced Official Initiation of Negotiations on Mar 5th, 2009
- ▶ After 5 rounds, negotiations suspended in May 2010, resumed Nov 2013
- ▶ After 2 more rounds (total 7), concluded Dec 4th, 2013
- ▶ Signed Apr 8th, 2014; gone into effect Dec 12th, 2014

Status

- ▶ Korea's 10th FTA, Australia's 8th FTA
- ▶ Australia : Korea's 6th largest trade partner
Korea : Australia's 4th largest trade partner, 3rd in Asia

Overview

Complementary Trade Structure

- ▶ Korea's Main Exports
 - √ Autos, Petrochemicals, Electronics, etc.
- ▶ Australia's Main Exports
 - √ Raw Materials, Natural Resources, Dairy Products, etc.

Ideal FTA Partner

- ▶ Due to trade structure, potential for trade expansion is great
- ▶ Increase in trade & investment, job creation is highly expected

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WTO Plus Elements

1. Market Access

- ▶ **(Goods)** Most traded goods duty free within 10 years after entry into force
 - Improved conditions for market access compared to WTO levels

| Tariff Line | | Korea | | Australia | |
|-----------------------|------------------------|--------------------|---------------|------------------|---------------|
| Total | | 11,881 (10 digits) | | 6,186 (8 digits) | |
| MFN 0% | | 1,932 | | 2,945 | |
| Products with tariffs | Remove immediately | 9,949 | 7,008 (70.4%) | 3,241 | 2,680 (82.7%) |
| | Remove within 10 years | | 9,269 (93.2%) | | 3,241 (100%) |

※ Import value based : (Korea) 94.6%, (Australia) 100%

- ▶ **(Services)** Compared to GATS, market access is improved in such areas as ▲ research & development, ▲ market research & public opinion polling, ▲ mining & related services, ▲ packaging, ▲ tourism

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WTO Plus Elements

▶ **(Government Procurement)** Although Australia is a non-member of GPA, both sides have opened their respective procurement markets

- Australia has no obligation to open its market

| Tariff Line | Korea-Australia FTA | GPA (Korea) |
|--------------------------------|--|---|
| Goods and Services Procurement | ① Central : Over 130,000 SDR | ① Central : Over 130,000 SDR |
| | ② Local : (Kor) Over 200,000 SDR (Aus) Over 355,000 SDR | ② Local : Over 200,000 SDR |
| | ③ Public Institutions : Over 450,000 SDR <small>* Services procurement excluded</small> | ③ Public Institutions : Over 400,000 SDR |
| Construction Procurement | ① Central : Over 5 mil SDR | ① Central : Over 5 mil SDR |
| | ② Local : (Kor) Over 15 mil SDR (Aus) Over 5 mil SDR | ② Local : Over 15 mil SDR |
| | ③ Public Institutions : Over 15 mil SDR | ③ Public Institutions : Over 15 mil SDR |

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WTO Plus Elements

2. Rules

▶ **(Investment)** Compared to TRIMs, broader scope and higher protection

| Category | TRIMs | Korea-Australia FTA |
|------------|---|---|
| Scope | Investment measures related to trade in goods | Measures concerning investors of the other party and covered investments <small>* Investment in the FTA has a broader meaning, covering all types of assets directly or indirectly owned and controlled by an investor in the form of investment</small> |
| Protection | Major protection rules include NT and quantitative restrictions | Protection rules are more extensive, including NT, MFN, MSOT, Expropriation & Compensation, Transfers, Prohibition of PR & nationality requirements for SMBD, and ISDS procedures |

※ MSOT : Minimum Standard of Treatment / PR : Performance Requirements
 SMBD : Senior Management & Board of Directors
 ISDS : Investor State Dispute Settlement

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WTO Plus Elements

- ▶ **(Intellectual Property)** Protection rules generally ensuring higher level of protection than that of TRIPs
 - **(Trademark)** Collective marks and certification marks are included, and non-visual marks such as sound and scent also protected
 - **(Copyright)** Comprehensive rights of copyright holders such as temporary reproduction are also recognized, and the term of protection for copyrights extended to 70 years (TRIPs : 50 years)
 - **(Patent)** Grace period set to 12 months
 - **(Enforcement)** Enforcement against IP violations is reinforced, including the seizure of any documentary evidence relevant to the offense and any assets traceable to the infringing activity, and special measures against repetitive copyright infringers on the Internet

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WTO Plus Elements

- ▶ **(Other)** The FTA includes Competition, E-Commerce, Labor and Environment rules not stipulated in the WTO
 - **(Competition)** Introduced provisions to enhance competition, economic efficiency and consumer welfare
 - **(E-commerce)** Stipulated regulations to advance the development of e-commerce and protect online consumers
 - **(Labor)** Set out basic labor rights which both countries should comply and ensure that neither party should promote trade and investment in a manner that would lower the level of labor protection
 - **(Environment)** Recognized the right of each party to establish its own law and regulations as well as set up a level of environment protection which both countries should abide by

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WTO Plus Elements

3. Cooperation

- ▶ Korea and Australia have agreed to work together through various cooperative activities in areas of mutual interest such as agriculture, forestry and fishing, and energy and mining

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