The Parties,

AFTER HAVING RATIFIED the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions adopted in Paris on 20 October 2005 (the ‘UNESCO Convention’), which entered into force on 18 March 2007, according to the procedure set in Article 15.10.3 (Entry into force), intending to effectively implement the UNESCO Convention and to cooperate within the framework of its implementation, building upon the principles of the Convention and developing actions in line with its provisions;

RECOGNISING the importance of the cultural industries and the multi-faceted nature of cultural goods and services as activities of cultural, economic and social value;

RECOGNISING that the process supported by this Agreement adds up to a global strategy aimed at promoting equitable growth and the reinforcement of economic, trade and cultural cooperation between the Parties;

RECALLING that the objectives of this Protocol are complemented and supported by existing and future policy instruments managed in other frameworks, with a view to:

(a) REINFORCING the capacities and independence of the Parties’ cultural industries;
(b) PROMOTING local/regional cultural content;
(c) RECOGNISING, protecting and promoting cultural diversity as a condition for a successful dialogue between cultures; and
(d) RECOGNISING, protecting and promoting cultural heritage, as well as promoting its recognition by local populations and recognising its value as a means for expressing cultural identities;

STRESSING the importance of facilitating cultural cooperation between the Parties, and for that purpose to take into account, on a case by case basis, inter alia, the degree of development of their cultural industries, the level and structural imbalances of cultural exchanges and the existence of schemes for the promotion of local/regional cultural content,

AGREE AS FOLLOWS:

Article 1
Scope, objectives and definitions

1. Without prejudice to the other provisions of this Agreement, this Protocol sets up the framework within which the Parties shall cooperate for facilitating exchanges regarding cultural activities, goods and services, including inter alia, in the audiovisual sector.

2. The exclusion of audiovisual services from the scope of Chapter Seven (Trade in Services, Establishment and Electronic Commerce) is without prejudice to the rights and obligations derived from this Protocol. For any issue relating to the implementation of this Protocol, the Parties shall have recourse to the procedures provided under Articles 3 and 3bis.

3. While preserving and further developing their capacity to elaborate and implement their cultural policies, with a view to protecting and promoting cultural diversity, the Parties shall endeavor to collaborate with the aim of improving the conditions governing their exchanges of cultural activities, goods and services and redressing the structural imbalances and asymmetrical patterns which may exist in exchanges.

4. For the purposes of this Protocol:

artists and other cultural professionals and practitioners means natural persons that perform cultural activities, produce cultural goods or participate in the direct supply of cultural services.

SECTION A
HORIZONTAL PROVISIONS

Article 2
Cultural exchanges and dialogue

1. The Parties shall aim at fostering their capacities to determine and develop their cultural policies, developing their cultural industries and enhancing exchange opportunities for cultural goods and services of the Parties, including through entitlement to benefit from schemes for the promotion of local/regional cultural content.

2. The Parties shall cooperate to foster the development of a common understanding and enhanced exchange of information on cultural and audiovisual matters through a dialogue, as well as on good practices in the field of intellectual property rights protection. This dialogue will take place within the Committee on Cultural Cooperation as well as in other relevant forums as and when appropriate.

Article 3
Committee on Cultural Cooperation

1. No later than six months after this Protocol is applied, a Committee on Cultural Cooperation shall be established. The Committee on Cultural Cooperation shall comprise senior officials from within the administration of each Party who have expertise and experience in cultural matters and practices.
2. The Committee on Cultural Cooperation shall meet within the first year after this Protocol is applied, and thereafter as necessary and at least once a year, to oversee the implementation of this Protocol.

3. By derogation from the institutional provisions of Chapter Fifteen (Institutional, General and Final Provisions), the Trade Committee shall have no jurisdiction over this Protocol and the Committee on Cultural Cooperation shall exercise all functions of the Trade Committee as regards this Protocol, where such functions are relevant for the purposes of implementing this Protocol.

4. Each Party shall designate an office within its administration that shall serve as a Domestic Contact Point with the other Party for the purposes of implementing this Protocol.

5. Each Party shall establish a Domestic Advisory Group(s) on cultural cooperation, comprised of cultural and audiovisual representatives active in the fields covered by this Protocol, to be consulted on issues related to the implementation of this Protocol.

6. A Party may request consultations with the other Party in the Committee on Cultural Cooperation regarding any matter of mutual interest arising under this Protocol. The Committee on Cultural Cooperation shall thereafter promptly convene and make every attempt to arrive at a mutually satisfactory resolution of the matter. In doing so the Committee on Cultural Cooperation may seek the advice of either or both Parties’ Domestic Advisory Group(s) and each Party may seek the advice of its own Domestic Advisory Group(s).

Article 3bis
Dispute settlement

Unless the Parties agree otherwise, and only in case the matter referred to in Article 3.6 of this Protocol has not been satisfactorily addressed through the consultation procedure set out therein, Chapter Fourteen (Dispute Settlement) shall apply to this Protocol subject to the following modifications:

(a) All the references in Chapter Fourteen (Dispute Settlement) to the Trade Committee shall be understood as referring to the Committee on Cultural Cooperation;

(b) For the purposes of Article 14.5 (Establishment of the Arbitration Panel), the Parties shall endeavour to agree on arbitrators having necessary knowledge and experience on the subject matters of this Protocol. In the event that the Parties are unable to agree on the composition of the arbitration panel, the selection by the lot, as set out in Article 14.5.3, will take place from the list established under subparagraph (c) and not from the list established under Article 14.18 (List of Arbitrators);

(c) The Committee on Cultural Cooperation shall, promptly after its establishment, establish a list of 15 individuals who are willing and able to serve as arbitrators. Each Party shall propose five individuals to serve as arbitrators. The Parties shall also select five individuals who are not nationals of either Party and who shall act as chairperson to the arbitration panel. The Committee on Cultural Cooperation will ensure that the list is always maintained at this level. Arbitrators shall have knowledge and experience on the subject matter of this Protocol. In serving as arbitrators, they shall be independent, serve in their individual capacity and not take instructions from any organisation or government with regard to matters related to the dispute, and shall comply with Annex 14-C (Code of Conduct for Members of Arbitration Panels and Mediators);

(d) In selecting obligations to suspend pursuant to Article 14.11.2 (Temporary Remedies in case of Non-compliance) in a dispute arising under this Protocol, the complaining Party may only suspend obligations arising from this Protocol; and

(e) Notwithstanding Article 14.11.2, in selecting obligations to suspend in disputes other than those arising under this Protocol, the complaining Party may not suspend obligations arising from this Protocol.

Article 4
Artists and other cultural professionals and practitioners

1. The Parties shall endeavour to facilitate, in conformity with their respective legislation, the entry into and temporary stay in their territories of artists and other cultural professionals and practitioners from the other Party, who cannot avail themselves of commitments undertaken on the basis of Chapter Seven (Trade in Services, Establishment and Electronic Commerce) and who are either:

(a) artists, actors, technicians and other cultural professionals and practitioners from the other Party involved in the shooting of cinematographic films or television programmes; or

(b) artists and other cultural professionals and practitioners such as visual, plastic and performing artists and instructors, composers, authors, providers of entertainment services and other similar professionals and practitioners from the other Party involved in cultural activities such as, for example, the recording of music or contributing an active part to cultural events such as literary fairs and festivals, among other activities,
provided that they are not engaged in selling their services to
the general public or in supplying their services themselves, do
not on their own behalf receive any remuneration from a
source located within the Party where they are staying
temporarily, and are not engaged in the supply of a service in the
framework of a contract concluded between a legal person
who has no commercial presence in the Party where the artist
or other cultural professional or practitioner is staying
temporarily and a consumer in that Party.

2. The entry into, and temporary stay in territories of the
Parties under paragraph 1, when allowed, shall be for a period
of up to 90 days in any 12 month period.

3. The Parties shall endeavour to facilitate, in conformity
with their respective legislation, the training of, and increased
contacts between, artists and other cultural professionals and
practitioners such as:

(a) theatrical producers, singer groups, band and orchestra
members;

(b) authors, composers, sculptors, entertainers and other indi-
vidual artists;

(c) artists and other cultural professionals and practitioners
participating in the direct supply of circus, amusement
park and similar attraction services; and

(d) artists and other cultural professionals and practitioners
participating in the direct supply of ballroom or discotheque
services and dance instructors.

SECTION B
SECTORAL PROVISIONS

SUB-SECTION A
Provisions related to audiovisual works

Article 5

Audiovisual co-productions

1. For the purposes of this Protocol, a co-production means
an audiovisual work produced by producers of both Korea and
the EU Party into which those producers have invested in
accordance with the terms of this Protocol (1).

2. The Parties shall encourage the negotiation of new and
implementation of existing co-production agreements between
one or several Member States of the European Union and Korea.
The Parties reaffirm that the Member States of the European
Union and Korea may grant financial benefits to co-produced
audiovisual works as defined in relevant existing or future
bilateral co-production agreements to which one or several
Member States of the European Union and Korea are parties.

3. The Parties, in conformity with their respective legislation,
shall facilitate co-productions between producers from the EU
Party and Korea, including through entitlement for co-
productions to benefit from respective schemes for the
promotion of local/regional cultural content.

4. Co-produced audiovisual works shall be entitled to benefit
from EU Party scheme for the promotion of local/regional
cultural content referred to in paragraph 3 in the form of
qualification as European works in accordance with
Article 1(n)(i) of Directive 89/552/EEC as amended by
Directive 2007/65/EC, or by its subsequent amendments for
the purposes of the requirements for the promotion of audio-
visual works as provided for by Articles 4.1 and 3.1 of
Directive 89/552/EEC as amended by Directive 2007/65/EC,
or by its subsequent amendments (2).

5. Co-produced audiovisual works shall be entitled to benefit
from Korean schemes for the promotion of local/regional
cultural content referred to in paragraph 3 in the form of
qualification as Korean works for the purposes of Article 40
of the Promotion of Motion Pictures and Video Products Act
(Act No. 9676, May 21, 2009), or its subsequent amendments
and of Article 71 of the Broadcasting Act (Act No. 9280, Dec.
31, 2008), or its subsequent amendments and Notice on
Programming Ratio (Korea Communications Commission
Notice No. 2008-135, Dec. 31, 2008), or its subsequent
amendments (3).

6. The entitlement for co-productions to benefit from the
respective schemes for the promotion of local/regional cultural
content referred to in paragraphs 4 and 5 shall be granted on
the following conditions:

(a) The co-produced audiovisual works are realised between
undertakings which are owned and continue to be owned,
whether directly or by majority participation, by a Member
State of the European Union or Korea respectively and/or by
nationals of a Member State of the European Union or
nationals of Korea respectively;

(b) The representative director(s) or manager(s) of the co-
producing undertakings have the nationality of a Member
State of the European Union and Korea respectively and can
demonstrate their domicile therein;

(c) Participation of producers from two Member States of the
European Union will be necessary for each co-produced
audiovisual work, other than animation works. With
respect to animation works participation of producers
from three Member States of the European Union will be
necessary. The proportion of financial contribution of a
producer or producers of each Member State of the
European Union shall be no less than 10 percent;

(1) In the case of Korea, there is a recognition procedure for co-
productions, conducted by the Korean Communications
Commission for broadcasting programmes, and the Korean Film
Council for films. This recognition procedure is limited to
technical check aimed at ensuring that the co-production fulfils
the criteria set in paragraph 6. Recognition will be granted to any
co-production fulfilling these criteria.

(2) Amendments of the legislation shall be without prejudice to the
application of paragraph 10.

(3) Ibidem.
(d) The minimum respective financial contributions to a co-produced audiovisual work other than animation works, of the producers of the EU Party (taken together) and the producers of Korea (taken together) may not be less than 30 percent of the total production cost of the audiovisual work. With respect to animation works this contribution may not be less than 35 percent of the total production cost;

(e) The contribution of each Party's producers (taken together) includes effective technical and artistic participation and a balance is ensured between the two Parties' contributions. In particular, in co-produced audiovisual works other than animation works the technical and artistic contribution of each Party's producers (taken together) shall not vary by more than 20 percentage points compared to their financial contribution and cannot in any case represent more than 70 percent of the overall contribution. With respect to animation works the technical and artistic contribution of each Party's producers (taken together) shall not vary by more than 10 percentage points compared to their financial contribution and cannot in any case represent more than 65 percent of the overall contribution;

(f) Participation of producers from third countries that have ratified the UNESCO Convention in a co-produced audiovisual work is accepted to a maximum of 20 percent, where possible, of the total production costs and/or the technical and artistic contribution to the audiovisual work.

7. The Parties reaffirm that the entitlement for co-productions to benefit from their respective schemes for the promotion of local/regional cultural content referred to in paragraphs 4 and 5 ensures reciprocal benefits, and that the co-productions fulfilling the criteria of paragraph 6 are awarded the status of European/Korean works referred to in paragraphs 4 and 5 respectively without any conditions additional to those of paragraph 6.

8. (a) The entitlement for co-productions to benefit from the respective schemes for the promotion of local/regional cultural content referred to in paragraphs 4 and 5 is established for a period of three years following the application of this Protocol. Upon advice from the Domestic Advisory Groups, six months before the expiry, the Committee on Cultural Cooperation will coordinate in order to assess the results of the implementation of the entitlement in terms of enhancement of cultural diversity and mutually beneficial cooperation on co-produced works.

(b) The entitlement will be renewed for a duration of three years and shall thereafter be automatically renewed for further successive periods of the same duration, unless a Party terminates the entitlement by giving notice in writing at least three months before the expiry of the initial or any subsequent period. Six months before the expiry of each renewed period, the Committee on Cultural Cooperation will conduct an assessment on similar terms as described in subparagraph (a).

(c) Unless the Parties decide otherwise, termination of such entitlement shall not prevent the co-productions from benefiting from the respective schemes for the promotion of local/regional cultural content referred to in paragraphs 4 and 5 under the conditions of paragraph 6, if the date of the first broadcasting or projection of such co-productions in the respective territories is prior to expiry of any relevant period.

9. Throughout the duration of the entitlement for co-productions to benefit from the schemes for the promotion of local/regional cultural content referred to in paragraphs 4 and 5, the Parties, notably through the Domestic Advisory Groups will regularly monitor the implementation of paragraph 6 and report any problem that may arise in this respect to the Committee on Cultural Cooperation. The Committee on Cultural Cooperation may review at the request of a Party, the entitlement for co-productions to benefit from the schemes for the promotion of local/regional content referred to in paragraphs 4 and 5 and/or the criteria referred to in paragraph 6.

10. With prior notice of two months, a Party may suspend the entitlement to benefit from its scheme(s) for the promotion of local/regional cultural content referred to in paragraphs 4 or 5, if the rights reserved for co-produced works under these paragraphs are adversely affected as a result of the other Party's modification of the relevant legislation referred to in these paragraphs. Before proceeding to such suspension, the notifying Party shall discuss and review with the other Party in the Committee on Cultural Cooperation the nature and impact of the legislative changes.

Article 6

Other audiovisual cooperation

1. The Parties strive to promote audiovisual works of the other Party through the organisation of festivals, seminars and similar initiatives.

2. The Parties shall facilitate, in addition to the dialogue referred to in Article 2.2 of this Protocol, cooperation in the area of broadcasting with an aim to promote cultural exchange through activities such as:

(a) promoting exchange of information and views on broadcasting policy and regulatory framework between competent authorities;

(b) encouraging cooperation and exchange between the broadcasting industries;

(c) encouraging exchange of audiovisual works and

(d) encouraging visits to and participation in international broadcasting events held in the territory of the other Party.
3. The Parties shall endeavour to facilitate the use of international and regional standards in order to ensure compatibility and interoperability of audiovisual technologies, thereby contributing to strengthening cultural exchanges. They shall cooperate towards this objective.

4. The Parties shall endeavour to facilitate rental and leasing of the technical material and equipment, such as radio and television equipment, musical instruments and studio recording equipment, necessary to create and record audiovisual works.

5. The Parties shall endeavour to facilitate the digitalisation of audiovisual archives.

Article 7

Temporary importation of material and equipment for the purpose of shooting audiovisual works

1. Each Party shall encourage as appropriate the promotion of its territory as a location for the purpose of shooting cinematographic films and television programmes.

2. Notwithstanding the provisions on trade in goods in this Agreement, the Parties shall, in conformity with their respective legislation, examine and allow the temporary importation of the technical material and equipment necessary to carry out the shooting of cinematographic films and television programmes by cultural professionals and practitioners from the territory of a Party into the territory of the other Party.

SUB-SECTION B

Promotion of cultural sectors other than audiovisual

Article 8

Performing arts

1. The Parties, in conformity with their respective legislation, shall facilitate through appropriate programmes increased contacts between practitioners of performing arts in areas such as professional exchanges and training including, inter alia, participation in auditions, development of networks and promotion of networking.

2. The Parties shall encourage joint productions in the fields of performing arts between producers of one or several Member States of the European Union and Korea.

3. The Parties shall encourage the development of international theatre technology standards and the use of theatre stage signs, including through appropriate standardisation bodies. They shall facilitate the cooperation towards this objective.

Article 9

Publications

The Parties, in conformity with their respective legislation, shall facilitate exchange with and dissemination of publications of the other Party through appropriate programmes in areas such as:

(a) organisation of fairs, seminars, literary events and other similar events related to publications, including public reading mobile structures;

(b) facilitating co-publishing and translations; and

(c) facilitating professional exchanges and training for librarians, writers, translators, booksellers and publishers.

Article 10

Protection of cultural heritage sites and historic monuments

The Parties, in conformity with their respective legislation and without prejudice to the reservations included in their commitments in the other provisions of this Agreement, shall encourage, in the framework of appropriate programmes, exchanges of expertise and best practices regarding the protection of cultural heritage sites and historic monuments bearing in mind the UNESCO world heritage mission, including through facilitating the exchange of experts, collaboration on professional training, awareness of the local public and counselling on the protection of the historic monuments and protected spaces and on the legislation and implementation of measures related to heritage, in particular its integration into local life.
UNDERSTANDING ON THE CROSS-BORDER SUPPLY OF INSURANCE SERVICES AS COMMITTED IN THE LISTS OF COMMITMENTS IN ANNEX 7-A (LIST OF COMMITMENTS)

With respect to the cross-border supply of insurance services as committed in the lists of commitments in Annex 7-A (List of Commitments), namely insurance of risks relating to:

(a) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and

(b) goods in international transit,

the Parties confirm that where a Member State of the European Union requires that such supply be made by suppliers established in the European Union, a Korean financial service supplier may supply such services through its establishment to any other Member State of the European Union without being established in the Member State of the European Union where the service is supplied. For further clarification, such supply includes the production, distribution, marketing, sale and delivery of the financial services.

Consultations shall continue between the European Commission and those Member States of the European Union which retain such a requirement of establishment in the European Union to take further steps towards the facilitation of the supply of these services in their territories. The EU Party welcomes Korea's proposal to hold consultations in the future with a view to reaching agreement thereon.

This Understanding shall constitute an integral part of this Agreement.
UNDERSTANDING ON THE KOREAN POSTAL REFORM PLAN (*)

In the course of the negotiations of this Agreement, the delegation of Korea explained to the delegation of the European Union the Korean government’s intention on its postal reform plan.

In this context, Korea has drawn to the attention of the delegation of the European Union the following aspects of its postal reform plan:

Korea intends to expand gradually the exceptions to the Korean Postal Authority’s monopoly to increase the scope of private delivery services that are permitted. This will be done through amendments to the Postal Service Act, related laws, or their subordinate regulations.

(a) After these amendments are enacted, the scope of Korean Postal Authority’s letter-posts will be clearer through the redefinition of its concept, and the exceptions to the letter-posts monopoly will be extended based on objective standards such as weight, price, or a combination thereof.

(b) In determining the nature and extent of such amendments, Korea will consider various factors, including domestic market conditions, the experience of other countries with postal liberalisation, and the need to ensure universal service. Korea plans to implement these amendments within the next three years from the date of signature of this Agreement.

In applying these reformed criteria Korea will provide non-discriminatory opportunities to all the postal and express delivery service suppliers in Korea.

Korea will also amend Article 3 of the Enforcement Decree of the Postal Services Act, thereby expanding the exceptions to the Korean Postal Authority monopoly to include all international document express delivery services by the entry into force of this Agreement. For greater certainty, international and domestic express delivery services of all documents are not subject to the postal service monopolies in the Member States of the European Union.

(*) This Understanding is non-binding and not subject to Chapter Fourteen (Dispute Settlement).
UNDERSTANDING CONCERNING SPECIFIC COMMITMENTS ON TELECOMMUNICATIONS SERVICES

The following understanding was reached between the delegations of Korea and the European Union during the course of negotiations regarding specific commitments on telecommunications services in this Agreement:

If a Party conditions the granting of a licence to supply public telecommunications services to a person of the Party in which a person of the other Party holds an equity interest on a finding that the supply of such services would serve the public interest, the Party shall ensure that it: (i) bases any such finding and the procedures for making such a finding on objective and transparent criteria; (ii) employs a presumption in favor of finding that granting a licence to a person of the Party in which a person of the other Party holds an equity interest would serve the public interest; and (iii) develops any such procedures consistent with Article 7.22 (Transparency and Confidential Information), Article 7.23 (Domestic Regulation) and Article 7.36 (Resolution of Telecommunications Disputes).

This Understanding shall constitute an integral part of this Agreement.
UNDERSTANDING ON REGULATIONS RELATING TO ZONING, URBAN PLANNING AND ENVIRONMENTAL PROTECTION

During the negotiations on Chapter Seven (Trade in Services, Establishment and Electronic Commerce) of this Agreement, the Parties discussed regulations relating to zoning, urban planning and environmental protection which are applicable in Korea and in the European Union at the time of signature of this Agreement.

The Parties share the understanding that, in so far as regulations, including regulations relating to zoning, urban planning and environmental protection, constitute non-discriminatory and non-quantitative measures affecting establishment, they are not subject to scheduling.

Based on the common understanding above, the Parties confirm that specific measures maintained by Korea in the following Acts are not subject to scheduling:

— Seoul Metropolitan Area Readjustment Planning Act
— Industrial Cluster Development and Factory Establishment Act
— Special Act on the Improvement of Air Environment in the Seoul Metropolitan Area

The Parties confirm their right to introduce new regulations relating to zoning, urban planning and environmental protection.

This Understanding shall constitute an integral part of this Agreement.