

**The List of Exceptional Measures in the
sectors or with respect to the matters
specified in the Annex I and Annex II**

Jan. 1, 2003

Republic of Korea

Sector/Matter

Defense industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

When acquiring 10% or more of the already-issued shares in enterprises, which are designated by the Minister of Commerce, Industry and Energy according to the Act on Special Measures for Defense Industry, foreign investors are required in advance to obtain permission from the Minister of Commerce, Industry and Energy.

Legal source or authority of the measure

Act on Special Measures for Defense Industry (Article 4.3),
Foreign Investment Promotion Act (Article 6)

Motivation or Purpose of the Measure

Due to the unique geo-political situation of the Korean peninsula, a stable production and supply of defense resources are essential to national security.

Sector/Matter

Broadcasting industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

No legal entity which is engaged in terrestrial broadcasting may receive any investments and financial contributions from any of the following:

1. A foreign government or foreign organization;
2. A foreigner;
3. A legal entity of which a foreign government, foreign organization or foreigner is the largest shareholder or holds more than 50% of the total issued stocks.

A person who is not a national of the Republic of Korea shall not be the representative or chief programmer of a company running a terrestrial broadcasting business.

A representative of a foreign legal entity or organization shall not be the representative or chief programmer of a company running a terrestrial broadcasting business.

Legal source or authority of the measure

Broadcasting Act (Article 13.3, 14.1),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of terrestrial broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

Broadcasting industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 9

Succinct Description of the Measure

A terrestrial broadcaster is required to include a certain ratio of domestic programs in its broadcasting programming according to the Broadcasting Act.

A terrestrial broadcaster is required to include a certain ratio of domestic movies, animation features and popular songs in its broadcasting programming according to the Broadcasting Act.

A terrestrial broadcaster is required, in its broadcasting programming, to include a certain ratio of out-sourced programs which are produced in the Republic of Korea according to the Broadcasting Act.

A terrestrial broadcaster who broadcasts general programs is required to include, in its prime time broadcasting programming, a certain ratio of above out-sourced programs according to the Broadcasting Act.

A terrestrial broadcaster shall broadcast advertisements which are consigned exclusively by Korea Broadcasting Advertising Corporation or other corporations according to the Broadcasting Act.

Legal source or authority of the measure

Broadcasting Act (Article 71.1, 71.2, 72.1, 72.3, 73.5)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of influence of terrestrial broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

1)2)Broadcasting industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

A general program provider or news program provider may not receive investments and financial contributions from any of the following:

1. A foreign government or foreign organization;
2. A foreigner;
3. A legal entity in which a foreign government, foreign organization or foreigner is the largest shareholder or holds more than 50% of the total issued stocks.

A program provider other than the above program providers may not receive investments and financial contributions of more than 33% of the values of the total issued stocks from any of the following:

1. A foreign government or foreign organization;
2. A foreigner;
3. A legal entity in which a foreign government, foreign organization or foreigner is the largest shareholder or holds more than 50% of the total issued stocks.

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- 1) Program Providers in this sector include satellite program providers that use foreign satellites.
 - 2) Home shopping business, which is in the category of "Other Retail Sale Via Mail Order Houses(52812)", according to 2000 Korean Standard Industrial Classification, is considered to be included in program providers for the purpose of this agreement.

A person who is not a national of the Republic of Korea shall not be the representative or chief programmer of a company running a program providing business.

A representative of a foreign legal entity or organization shall not be the representative or chief programmer of a company running a program providing business.

Legal source or authority of the measure

Broadcasting Act (Article 13.3, 14.1, 14.2).

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

Broadcasting industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 9

Succinct Description of the Measure

A program provider is required to include a certain ratio of domestic programs in its programming according to the Broadcasting Act.

A program provider is required to include a certain ratio of domestic movies, animation features and popular songs in its programming according to the Broadcasting Act.

A general program provider is required to include, in its prime time programming, a certain ratio of out-sourced programs which are produced in the Republic of Korea according to the Broadcasting Act.

Legal source or authority of the measure

Broadcasting Act (Article 71.1, 71.2, 72.3)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

Broadcasting industry

Obligation or article in respect of which the measure is taken

Paragraph 1. of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

Anyone who is engaged in relay-only cable operations shall not receive any investments and financial contributions from any of the following:

1. A foreign government or foreign organization;
2. A foreigner;
3. A legal entity in which a foreign government, foreign organization or foreigner is the largest shareholder or holds more than 50% of the total issued stocks.

Cable System Operators other than the above operators shall not receive investments and financial contributions of more than 33% of the values of the total issued stocks from any of the following:

1. A foreign government or foreign organization;
2. A foreigner;
3. A legal entity in which a foreign government, foreign organization or foreigner is the largest shareholder or holds more than 50% of the total issued stocks.

Foreigners, foreign governments or foreign organizations are not allowed to engage in relay-only cable operations or music audio service cable operations.

A person who is not a national of the Republic of Korea shall not be the representative or chief programmer of a company running a cable system operating business.

A representative of a foreign legal entity or organization shall not be the representative or chief programmer of a company running a cable system operating business.

A person who is not a national of the Republic of Korea shall not be the representative of a company running a relay-only cable operation or music audio service cable operation.

A representative of a foreign legal entity or organization shall not be the representative of a company running a relay-only cable operation or music audio service cable operation.

Legal source or authority of the measure

Broadcasting Act (Article 13.2, 13.3, 14.1, 14.2),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

Broadcasting industry

Obligation or article in respect of which the measure is taken
Paragraph 1 of Article 9

Succinct Description of the Measure

A cable system operator is required to include particular channels in its channel programming and to limit the number of retransmitted foreign channels to a particular ratio according to the Broadcasting Act.

A cable system operator is required to simultaneously retransmit programs which are broadcast by Korea Broadcasting System and Educational Broadcasting System without making any changes.

A cable system operator is required to include special channels for public and religious purposes in its channel programming according to the Broadcasting Act.

A cable system operator is required to include a certain ratio of domestic programs in its programming when operating directly-used channels according to the Broadcasting Act.

A cable system operator is required to include a certain ratio of domestic movies, animation features and popular songs in its programming when operating directly-used channels, according to the Broadcasting Act.

A cable system operator who broadcasts general programs is required to include, in its prime time programming, a certain ratio of out-sourced programs which are produced in the Republic of Korea according to the Broadcasting Act.

A cable system operator is required to operate community channels according to the Broadcasting Act.

A relay-only cable operator shall not include retransmitted foreign channels.

Legal source or authority of the measure

Broadcasting Act (Article 24, 70.1, 70.3, 70.4, 71.1, 71.2, 72.1, 78.1, Addenda 7.2)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

3)4) Broadcasting industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

A satellite broadcaster shall not receive investments and financial contributions of more than 33% of the values of the total issued stocks from any of the following:

1. A foreign government or foreign organization;
2. A foreigner;
3. A legal entity in which a foreign government, foreign organization or foreigner is the largest shareholder or holds more than 50% of the total issued stocks.

A person who is not a national of the Republic of Korea shall not be the representative or chief programmer of a company running a satellite broadcasting business.

A representative of a foreign legal entity or organization shall not be the representative or chief programmer of a company running a satellite broadcasting business.

Legal source or authority of the measure

Broadcasting Act (Article 13.3, 14.2),

Foreign Investment Promotion Act (Article 4)

3) Satellite broadcasters in this sector include satellite broadcasters using foreign satellites

4) Satellite broadcasting in this sector includes digital audio broadcasting.

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

Broadcasting industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 9

Succinct Description of the Measure

A satellite broadcaster is required to include particular channels in its channel programming and to limit the number of retransmitted foreign channels to a particular ratio according to the Broadcasting Act.

A satellite broadcaster is required to simultaneously retransmit programs which are broadcast by Korea Broadcasting System and Educational Broadcasting System without making any changes.

A satellite broadcaster is required to include special channels for public and religious purposes in its channel programming according to the Broadcasting Act

A satellite broadcaster is required to include a certain ratio of domestic programs in its programming when operating directly-used channels according to the Broadcasting Act.

A satellite broadcaster is required to include a certain ratio of domestic movies, animation features and popular songs in its programming when operating directly-used channels, according to the Broadcasting Act.

A satellite broadcaster who broadcasts general programs is required to include, in its prime time programming, a certain ratio of out-sourced programs which are produced in the Republic of Korea according to the Broadcasting Act.

Legal source or authority of the measure

Broadcasting Act (Article 70.1, 70.3, 71.1, 71.2, 72.1, 72.3, 78.1)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

Network operating industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

A network operator shall not receive investments and financial contributions of more than 49% of the values of the total issued stocks from any of the following:

1. A foreign government or foreign organization;
2. A foreigner
3. A legal entity in which a foreign government, foreign organization or foreigner is the largest shareholder or holds more than 50% of the total issued stocks.

A person who is not a national of the Republic of Korea shall not be the representative of a network operator.

Legal source or authority of the measure

Broadcasting Act (Article 13.3, 14.3),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

Fisheries

Obligation or article in respect of which the measure is taken

Paragraphs 1 and 2 of Article 2

Succinct Description of the Measure

5) The Mayor/Do governor, or the head of the Shi/Kun/autonomous Ku, is required in advance to consult with the Minister of Maritime Affairs and Fisheries when granting permission or a license for inshore fishing, coastal fishing, fish farms in sea, seeding seaweeds or hatching aquatic animals to the following:

1. A foreigner
2. A foreign legal entity
3. A legal entity with 50% or more foreign shareholders.

A same or similar restriction regarding fisheries can be imposed, on a reciprocal basis, on a foreign national or corporation from a country that restricts Korean nationals or corporations established under the laws of the Republic of Korea from engaging in fisheries.

Legal source or authority of the measure

Fisheries Act (Article 5)

5) In respect to seeding seaweeds and hatching aquatic animals, this measure is exclusively applied to fishery producing marine seedling by installing facilities on regularly demarcated waters.

Motivation or Purpose of the Measure

These measures are necessary for protecting low-income fishermen and for preventing a depletion of fish stocks and resources.

Sector/Matter

Electricity industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

Permission to operate nuclear power generation is not granted to "foreign-invested enterprises", which is defined in the Foreign Investment Promotion Act.

The aggregate ceiling on the foreign ownership of the KEPCO is 40%.

A foreigner is not allowed to be the largest shareholder or the president(CEO) of KEPCO.

Foreign investment in power transmission, distribution and sales business is allowed only when the FDI ratio is less than 50%. The largest shareholder of the company must be Korean national.

The total power-generating capacity owned by foreigners may not exceed 30% of the total domestic power-generating capacity.

Legal source or authority of the measure

Electricity Business Act (Article 7),

Foreign Investment Promotion Act (Article 4),

Securities and Exchange Act (Article 203),
Regulations on Foreign Investment and Technology
Inducement (Article 5),
Basic Plan for the Privatization of the Gencos, April.9, 2002

Motivation or Purpose of the Measure
National Security

Sector/Matter

Gas industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

The aggregate ceiling on the foreign ownership of KOGAS is 30%.

Legal source or authority of the measure

Act on Management Structure Improvement and Privatization
of State Enterprise (Article 19),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

National Security

Sector/Matter

Capital transactions with non-residents (won-denominated loans, won-denominated securities with short-term maturities, foreign currency denominated financial credits, guarantees or collaterals, financially unsound corporation's borrowing from non-residents, and derivatives transaction)

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

A non-resident is required to obtain permission from the Minister of Finance and Economy or the Governor of the Bank of Korea in the following cases:

1. when receiving won-denominated loans or borrowing won-denominated securities from a resident exceeding a certain amount according to the Foreign Exchange Transaction Act.
2. when issuing won-denominated securities with short-term maturities.

Permission is required from the Minister of Finance and Economy in case a non-resident gives short-term financial credits to a certain resident enterprise which is stipulated in the Foreign Exchange Transaction Act, or gives financial credits to resident individuals and non-profit institutions which are guaranteed by or are based on collaterals from other residents.

Permission is required from the Minister of Finance and Economy or the Governor of the Bank of Korea in case a non-resident receives foreign currency denominated financial credits, guarantees or collaterals from residents as stipulated in the Foreign Exchange Transaction Act.

Permission is required from the Governor of the Bank of Korea in case a non-resident makes a certain transaction which is not allowed according to the Foreign Exchange Transaction Act through derivatives.

Legal source or authority of the measure
Foreign Exchange Transaction Act (18.2)

Motivation or Purpose of the Measure

These measures are necessary for preventing the foreign exchange market from being disturbed by speculative transactions.

Sector/Matter

Foreign acquisition of land

Obligation or article in respect of which the measure is taken

Paragraphs 1 and 2 of Article 2

Succinct Description of the Measure

When a foreigner, foreign government, or an international organization (hereinafter referred to as a 'foreigner') has signed a contract for acquisition of land within the territory of the Republic of Korea, a report of the acquisition must be made to the head of the Shi/Kun/Ku within 60 days from the conclusion of the contract. However, in the case of land located in particular districts or areas, a foreigner is required to obtain permission from the head of the Shi/Kun/Ku prior to the conclusion of the contract for the land acquisition.

Any land acquired by a foreigner by means of inheritance, auction, or any cause other than contracts shall also be reported to the head of the Shi/Kun/Ku within 6 months of the acquisition.

A similar restriction regarding the acquisition of land may be imposed, on a reciprocal basis, on foreign nationals or corporations from a country that restricts Korean nationals or corporations established under the laws of the Republic of Korea from acquiring lands.

Legal source or authority of the measure

Foreigner's Land Acquisition Act (Article 3, 4, 5),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

National security

Sector/Matter

Nuclear energy industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

Permission both to manufacture and supply nuclear fuels and to engage in radioactive waste management is not granted to "foreign-invested enterprises", which is defined in the Foreign Investment Promotion Act.

Legal source or authority of the measure

Electricity Business Act (Article 12, 96),
Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

National Security

Sector/Matter

Motion pictures industry (Screen quota)

Relevant Obligation

Paragraph 1 of Article 9

Succinct Description of the Measure

A certain annual ratio of running days must be devoted to domestic movies by a theater operator according to the Promotion of Motion Pictures Industry Act.

Legal source or authority of the measure

Promotion of Motion Pictures Industry Act (Article 28)

Motivation or Purpose of the Measure

The measure is necessary to preserve the cultural identity of Korea.

Sector/Matter

Newspaper publishing industry (restrictions on being a publisher or an editor)

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

The following persons may not be a publisher or an editor of periodicals:

1. a foreign government, legal entity or organization;
2. a legal entity or organization of which the representative is a person who is a non-Korean national or whose domicile is not in the territory of the Republic of Korea;
3. a legal entity in which a foreigner or a foreign legal entity holds 30% or more of the total issued stocks.

Legal source or authority of the measure

Registration, etc. of Periodicals Act (Article 9),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

These measures are necessary in consideration of the influence of the printed media on national sentiments, public opinions and cultural identity.

Sector/Matter

News agency activities industry (restrictions on being a publisher or an editor)

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

The following persons may not be a publisher or an editor of periodicals:

1. a foreign government, legal entity or organization;
2. a legal entity or organization of which the representative is a person who is a non-Korean national or whose domicile is not in the territory of the Republic of Korea;
3. a legal entity in which a foreigner or a foreign legal entity holds 25% or more of the total issued stocks.

Legal source or authority of the measure

Registration, etc. of Periodicals Act (Article 9),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

These measures are necessary in consideration of the influence of the printed media on national sentiments, public opinions and cultural identity.

Sector/Matter

Magazines and periodicals publishing industry (restrictions on being a publisher or an editor)

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

The following persons may not be a publisher or an editor of periodicals:

1. a foreign government, legal entity or organization;
2. a legal entity or organization of which the representative is a person who is a non-Korean national or whose domicile is not in the territory of the Republic of Korea;
3. a legal entity in which a foreigner or a foreign legal entity holds 50% or more of the total issued stocks.

Legal source or authority of the measure

Registration, etc. of Periodicals Act (Article 9), ..

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

These measures are necessary in consideration of the influence of the printed media on national sentiments, public opinions and cultural identity.

Sector/Matter

Rice and barley production industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

Foreigners are not allowed to invest in the above sector.

Legal source or authority of the measure

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

This restrictive measure on foreign investments in agricultural production is to protect low-income farmers and to preserve the Korean culture and tradition.

Sector/Matter

Beef cattle-farming industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

Foreigners are allowed to hold less than 50% of shares or stocks of legal entities engaged in the above sector.

Legal source or authority of the measure

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

The measure of restricting foreign investments in the farming of beef cattle is necessary to protect low-income and small-scale farmers who are engaged in this industry and to preserve critical parts of Korea's traditional culture.

Sector/Matter

Meat wholesale industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

Foreigners are allowed to hold less than 50% of shares or stocks of legal entities engaged in the above sector.

Legal source or authority of the measure

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

The liberalization of the wholesale meat industry should be gradually implemented in order to enable domestic entities to compete with capital-intensive foreign entities on equal footing.

Sector/Matter

Telecommunications industry (other than network operating industry)

Obligation or article in respect of which the measure is taken
Paragraph 1 of Article 2

Succinct Description of the Measure

A person falling under any of the following sub-paragraphs may not obtain a license or permit to engage in a wired or wireless telecommunication industry.

1. A foreign government or a foreign legal entity; or
2. A legal entity in which the total stocks held by the following exceed 49% of the total issued stocks:
 - 1) A foreign government;
 - 2) A foreigner;
 - 3) A legal entity in which foreign governments or foreigners hold 80% or more of the total issued stocks;
 - 4) A legal entity in which foreign governments or foreigners, alone or together, as the largest shareholder, hold 15% or more of the total issued stocks.

The individuals or legal entities listed below are not permitted to be the largest shareholder or hold more than 49% of the total issued stocks of KT Corporation:

- 1) A foreign government;
- 2) A foreigner;

- 3) A legal entity in which foreign governments or foreigners hold 80% or more of the total issued stocks;
- 4) A legal entity in which foreign governments or foreigners, alone or together, as the largest shareholder, hold 15% or more of the total issued stocks.

A foreigner, foreign government or its representative, or a foreign legal entity or organization shall not be permitted to establish a radio station according to the Radio Waves Act.

Legal source or authority of the measure

Telecommunications business Act (Article 4, 6, Addenda 4),
Radio Waves Act (Article 20),
Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

The measures in the above sector are based on the outcome of the Basic Telecommunication negotiations of GATS.

The measure concerning radio stations is to ensure an efficient distribution of national radio wave resources.

Sector/Matter

Water transport industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

Foreigners, in principle, are not allowed to engage in a coastwise transport industry.

However, a foreigner is allowed, until the unification in the Korean peninsula, to engage in a coastwise transport industry when:

1. the activities involve inter-Korean transportation of passengers and freight;
2. a joint venture is being established with Korean shipping companies; and
3. the ratio of foreign investment is less than 50% of the joint venture with Korean shipping companies.

Legal source or authority of the measure

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

National Security

Sector/Matter

Air transport industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Paragraph 3 of Article 8

Succinct Description of the Measure

The following lists those that may not engage in the scheduled or non-scheduled air transport industry:

1. A foreigner;
2. A foreign government or a foreign public organization;
3. A foreign corporation or organization;
4. A legal entity of which 50% or more of the shares or stocks are owned by anyone falling under the above sub-paragraphs 1, 2 and 3, or which is virtually controlled by such a person;
5. A legal entity whose representative is a foreigner, or of which 50% or more of its board members are foreigners.

Legal source or authority of the measure

Aviation Act (Article 3, 6, 112, 113, 114, 132),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

National Security

Sector/Matter

Air transport industry

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

A foreign air carrier is required to obtain permission from the Minister of Construction and Transportation in the following cases:

1. when an aircraft is to take off outside the Republic of Korea and land inside the Republic of Korea;
2. when an aircraft is to take off inside the Republic of Korea and land outside the Republic of Korea; and
3. when an aircraft is to take off outside the Republic of Korea, overfly without a transitional stop in the Republic of Korea, and land outside the Republic of Korea.

No foreign air carrier may obtain permission to transport any passenger or freight between any points in the Republic of Korea

Legal source or authority of the measure

Aviation Act (Article 144, 145, 149)

Motivation or Purpose of the Measure

National Security

Sector/Matter

Outdoor advertising industry

Obligation or article in respect of which the measure is taken
paragraph 1 of Article 2
paragraph 3 of Article 8

Succinct Description of the Measure

A person who is not a national of the Republic of Korea shall not be the representative or chief programmer of an electronic billboard operator.

A representative of a foreign legal entity or organization shall not be the representative or chief programmer of an electronic billboard operator.

Legal source or authority of the measure

Broadcasting Act (Article 13.3)

Motivation or Purpose of the Measure

These measures are necessary, in consideration of the influence of broadcasting on national sentiments, public opinions and cultural identity. Furthermore, the unique situation of the divided Korean peninsula makes such measures essential.

Sector/Matter

Financial services (liaison offices of foreign banks)

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

Foreign banks are required to obtain permission from the Financial Supervisory Committee when establishing a liaison office in Korea.

Legal source or authority of the measure

Banking Act (Article 58.1, 59.1),

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

All kinds of commercial presence(branch, agency, and liaison office) of foreign banks shall obtain permissions from the Financial Supervisory Commission (FSC), according to the Banking Act (Article 58). Since a branch or an agency established by foreign banks is considered as independent organizations(financial institutions) (the Banking Act, Article 59), which are required to obtain permissions from the FSC regardless of their nationality, there is no discrimination between foreign and domestic persons (the Banking Act, Article 8)

Sector/Matter

Financial services (liaison offices of foreign banks)

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

Foreigners are not allowed to do a merchant banking business in the form of branches.

Legal source or authority of the measure

Merchant Bank Act (Article 3.2)

Motivation or Purpose of the Measure

This measure is applied because there is no specific provision regarding the establishment of branches of foreign merchant banks. However, foreign merchant banks can establish subsidiaries or joint ventures.

Sector/Matter

Financial services (branches of foreign credit information companies)

Obligation or article in respect of which the measure is taken
Paragraph 1 of Article 2

Succinct Description of the Measure

Foreigners are not allowed to engage in a credit information business defined in Use and Protection of Credit Information Act, in the form of branches.

Legal source or authority of the measure

Use and Protection of Credit Information Act (Article 4.2)

Motivation or Purpose of the Measure

This measure is applied because there is no specific provision regarding the establishment of branches of foreign credit information companies. However, foreign credit information companies can establish subsidiaries or joint ventures.

Sector/Matter

Financial services (Korea Development Bank and
Export-Import Bank of Korea)

Obligation or article in respect of which the measure is taken
Paragraph 1 of Article 2

Succinct Description of the Measure

Foreigners are not allowed to invest in both Korea
Development Bank and Korea EXIM Bank.

Legal source or authority of the measure

Korea EXIM Bank Act (Article 4),
Korea Development Bank Act (Article 4)

Motivation or Purpose of the Measure

Korea Development Bank and Korea EXIM Bank are financial
institutions for the implementation of national industrial
policies.

Sector/Matter

Registration of aircraft in the national register and matters arising from such registration

Obligation or article in respect of which the measure is taken
Paragraph 1 of Article 2

Succinct Description of the Measure

No aircraft that is owned by or leased by a person falling under any of the following sub-paragraphs can be registered.

1. A foreigner;
2. A foreign government or a foreign public organization;
3. A foreign corporation or organization;
4. A legal entity of which 50% or more of the shares or stocks are owned by anyone falling under the above sub-paragraphs 1, 2 and 3, or which is virtually controlled by such a person;
5. A legal entity whose representative is a foreigner, or of which 50% or more of its board members are foreigners.

Legal source or authority of the measure

Aviation Act (Article 3, 6).

Foreign Investment Promotion Act (Article 4)

Motivation or Purpose of the Measure

National Security

Sector/Matter

Matters related to or arising from the nationality of ship, and the acquisition of ship or of any interest in ship

Obligation or article in respect of which the measure is taken

Paragraph 1 of Article 2

Succinct Description of the Measure

A non-Korean ship shall not hoist the national flag of the Republic of Korea.

Legal source or authority of the measure

Ship Act (Article 5)

Motivation or Purpose of the Measure

National Security

The list of companies designated
as the defense industry (Jan. 1, 2003)

No.	Company Name	
	Korean	English
1	(주)강남	Kangnam Corporation
2	광림특장차(주)	Kanglim Co., Ltd.
3	국제종합기계(주)	Kukje Machinery Co., Ltd.
4	금호산업(주)	Kumho Industrial Co., Ltd.
5	기아자동차(주)	Kia Motors Co., Inc.
6	내쇼날프라스틱(주)	National Plastic Co., Ltd.
7	대동기어(주)	Daedong Gear Co., Ltd.
8	(주)대명	Daemyung Co., Ltd.
9	대신금속(주)	Daeshin Metal MFG. Co., Ltd.
10	대강전기공업(주)	Daeyang Electric Co., Ltd.
11	대우정밀(주)	Daewoo Precision Industries Co.
12	대우조선해양(주)	Daewoo Shipbuilding & Marine Engineering Co., Ltd.
13	대우종합기계(주)	Daewoo Heavy Industries & Machinery Ltd.
14	대원강업(주)	Daewon Kang Up Co., Ltd.
15	(주)대한항공	Korean Air Lines Co., Ltd.
16	(주)테크	Dreaming and Challenging Company
17	동명중공업(주)	Tongmyung Heavy Industries Co., Ltd.
18	동양라이닝공업사	Tongyang Lining Industries Co.
19	(주)동양정공	Dongyang Junggong
20	동일자동차	Dong-il Automobil Industrial Co., Ltd.
21	(주)동진전기	Dongjin Electric & Machinery Co., Ltd.
22	두산중공업(주)	DOOSAN Heavy Industries and Construction Co., Ltd.
23	두원중공업(주)	Doowon Heavy Industrial Co., Ltd.
24	(주)로우테크놀로지	Row Technology Co., Ltd.
25	(주)로템	Rotem Company

No.	Company Name	
	Korean	English
26	발레오전장시스템스코리아(주)	Valeo Electrical Systems Korea
27	(주)비츠로셀	Teckraf Co., Ltd.
28	삼공물산(주)	Samgong Industrial Co., Ltd.
29	삼성전자(주)	Samsung Electronics Co., Ltd.
30	삼성탈레스(주)	Samsung Thales Co., Ltd.
31	삼성테크윈(주)	Samsung Techwin Co., Ltd.
32	삼양화학공업(주)	Samyang Chemical Co., Ltd.
33	삼우금속공업(주)	Samwoo Metal Ind. Co., Ltd.
34	(주)삼정터빈	Samjeong Turbine Co., Ltd.
35	(주)서울엔지니어링	Seoul Engineering Co., Ltd.
36	세방하이테크(주)	Gloval Hi-Tech Co., Ltd.
37	(주)수원지관	Surwon Paper Cone & Tube MFG. Co., Ltd.
38	스페코중공업(주)	Speco Heavy Industries Ltd.
39	신정개발	Shinjeong Development Co.
40	아프로툴(주)	Aprotool Co., Ltd.
41	알코아코리아(주)	Dooray Air Metal Co., Ltd.
42	엘지이노텍(주)	LG Innotek Co., Ltd.
43	엘지전선(주)	LG Cable Ltd.
44	엠텍(주)	MTEQ Systems
45	연합정밀(주)	Yeonhab Precision Co., Ltd.
46	오리엔탈공업(주)	Oriental Industry Co., Ltd.
47	위아(주)	World Industries Ace Corporation
48	유니모테크놀로지(주)	Unimo Technology Ltd.
49	(주)은성사	Silver Star Co., Ltd.
50	(주)이오시스템	Electronic Optechs System Co., Ltd.
51	(주)이티아이	Ewha Technology Information Ind. Co., Ltd.
52	(주)일신통신	lshin Communication Co., Ltd.

No.	Company Name	
	Korean	English
53	진양공업(주)	Jinyang Industrial Co., Ltd.
54	(주)진영정기	Jinyoung Precision Machine Co., Ltd.
55	창원특수강(주)	Changwon Specialty Steel Co., Ltd.
56	천지산업(주)	Chunji Corporation
57	(주)크로시스	KROSYS
58	통일중공업(주)	Tongil Heavy Industries Co., Ltd.
59	(주)티에스텍	T.S Tech Co., Ltd.
60	퍼스텍(주)	First Technology Co., Ltd.
61	평화산업(주)	Pyunghwa Industrial Co., Ltd.
62	(주)풍산	Poongsan Corporation
63	한국레이콤(주)	Raycom Korea Co., Ltd.
64	한국로스트왁스공업(주)	Korea Lostwax Industrial Company Ltd.
65	한국열처리(주)	Korea Heat treatment Co., Ltd.
66	한국통신기산업(주)	Hankuk Communication Co., Inc.
67	한국항공우주산업(주)	Korea Aerospace Industries Ltd.
68	(주)한국화이버	Hankuk Fiber Glass Co., Ltd.
69	한국DTS(주)	Korea DTS Inc.
70	한벨헬리콥터(주)	Korea Bell Helicopter Co., Ltd.
71	한일단조공업(주)	Hanil Forging Ind. Co., Ltd.
72	(주)한진중공업	Hanjin Heavy Industries & Construction Co., Ltd.
73	(주)한화	Hanwha Corporation
74	(주)현대제이콤	Hyundai J & Comm
75	현대중공업(주)	Hyundai Heavy Industries Co., Ltd.
76	협진정밀공업(주)	Hyopchin Industrial Co., Ltd.
77	(주)휴니드테크놀로지스	Huneeed Technologies
78	K S P	Korea Special Packaging Co.
79	(주) S T X	STX Corporation
80	(주)도담시스템스	DoDaam Systems