



**Committee on Regional Trade Agreements
Eighty-sixth Session**

**COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN
THE REPUBLIC OF KOREA AND INDIA
(SERVICES)**

NOTE ON THE MEETING OF 20 SEPTEMBER 2017

Chairman: Ambassador Walid DOUDECH (Tunisia)

1.1. The 86th Session of the Committee on Regional Trade Agreements (hereinafter 'CRTA' or the 'Committee') was convened in Airgram WTO/AIR/RTA/11 dated 9 August 2017.

1.2. Under Agenda Item C.II of the Session, the CRTA considered the Comprehensive Economic Partnership Agreement between the Republic of Korea and India, services, (hereinafter "the Agreement").

1.3. The Chairman said that the Agreement had entered into force on 1 January 2010. It had been notified to the WTO by the Parties on 23 June 2010 under GATS Article V:7(a) as an Agreement providing for the liberalization of trade in services within the meaning of Article V of the GATS (document S/C/N/558). The text of the Agreement was available, together with its Annexes, on the Parties' official websites. The Factual Presentation on the services aspects (document WT/REG286/1 dated 10 July 2017) and questions and replies on the Agreement (document WT/REG286/2 dated 13 September 2017) had been distributed.

1.4. The representative of the Republic of Korea thanked the Secretariat for its preparation of the Factual Presentation and Members for their interest and insightful questions on the Korea-India Comprehensive Economic Partnership Agreement (Korea-India CEPA). He also thanked India for its active cooperation in preparing for the Session with Korea. He hoped that the Session would help WTO Members to better understand the Agreement.

1.5. After the commencement of the Korea-India CEPA negotiations at the summit in February 2006, both countries had held a total of 15 rounds of negotiations from March 2006 to August 2008. Korea and India had then officially signed the deal in August 2009 which had entered into force in January 2010, and had been smoothly implementing the Agreement since then.

1.6. The Korea-India CEPA consisted of 15 chapters, ranging from Chapter One, 'General Provisions and Definitions,' to Chapter Fifteen, 'Administrative and Final Provisions.' CEPA was a comprehensive and high-level trade Agreement that covered free trade regulations, such as trade in goods, rules of origin, and trade facilitation.

1.7. In the area of trade in goods, duties on 88.7% of Korean tariff lines and 71.5% of Indian tariff lines had been eliminated as of 2017, the eighth year of CEPA's entry into force. Korea believed that CEPA was fully consistent with both countries' WTO obligations and went beyond their WTO commitments in a number of areas.

1.8. Regarding services and investment, the Agreement included the general principles of national treatment and a review of MFN commitments. In addition, CEPA introduced a higher level of services market opening and investment protection than the General Agreement on Trade in Services (GATS).

1.9. With regard to concessions on trade in services, both countries had adopted a positive list approach to set limits on market access, national treatment and additional commitments. When it came to investment, they had adopted a negative list approach, achieving a high level of investment market opening.

1.10. On top of that, both countries had agreed to pursue liberalization of audio-visual co-production and intellectual property rights and to aim for achieving WTO-plus levels in other areas apart from trade in goods.

1.11. Since the Agreement's entry into force in January 2010, the bilateral trade volume between Korea and India had increased by 30% from US\$12 billion in 2009 to US\$16 billion in 2016. Investment flows had grown by 8% from US\$352 million to US\$381 million during the same period. Korea was confident that this trend would continue on the back of close cooperation between the two countries.

1.12. Korea and India were currently negotiating to upgrade the CEPA in various areas, including goods, services and investment, with a goal to maximize its effects so that both countries could enjoy additional benefits.

1.13. Korea appreciated the written questions sent by Members to which the Parties had provided detailed answers to enhance transparency. Korea was happy to respond to any further questions that Members had.

1.14. The representative of India thanked the Secretariat for preparing the Factual Presentation, her colleagues from Korea for their excellent cooperation in the joint preparatory work and the delegations of the European Union, Thailand, Chinese Taipei, El Salvador, and Mexico for showing interest in the Agreement by raising advance written questions.

1.15. Korea and India had signed the Comprehensive Economic Partnership Agreement in Seoul on 7 August 2009 which was operationalized with effect from 1 January 2010. The Agreement covered a number of areas including trade in goods, trade in services, rules of origin, intellectual property rights, and investment.

1.16. According to WTO data, India ranked 8th globally in terms of global exports of commercial services (excluding intra-EU trade). Similarly, it was ranked 10th globally in terms of global imports of commercial services in 2016. Services played an important role in the Indian economy.

1.17. The CEPA had allowed the opening of the services market. In the case of India, the sectors covered included telecommunications, construction, distribution (excluding retail), transportation, accounting, real estate and energy distribution. The Agreement would also mutually expand job opportunities for computer specialists, engineers, managing consultants and assistant English teachers. In the financial services sector, India had agreed that ten Korean banks could establish branches in India. At present Shinhan Bank had four branches and Woori Bank had one. Hana Bank and KB Kookmin Bank had set up their representative offices. The CEPA allowed for the temporary movement of 163 Indian professionals such as computer programmers and engineers to access the Korean services market.

1.18. The Parties had already taken up negotiations to upgrade the CEPA which included further liberalization in trade in services and areas of mutual interest in investment with a view to ensuring commercially meaningful market access, and possible mutual recognition agreements. There existed substantial scope for India and Korea to explore complementarities and to harness the full potential of trade and investment ties. India looked forward to working closely with Korea to further expand the trade linkages for mutual benefit.

1.19. The representative of El Salvador thanked the Parties for their responses to its questions. El Salvador had no further questions.

1.20. The representative of Japan asked what kind of mechanism would be used to address bilateral cooperation or matters stipulated in Chapter 13 (paragraph 4.29 of the Factual Presentation). Would regular or ad hoc sub Committees identify areas and items of bilateral

cooperation as well as review and monitor its progress? He said he would submit the question in writing but would appreciate any preliminary comments the Parties could make.

1.21. The representative of Mexico thanked the Parties for their responses to its questions. Mexico had no further questions.

1.22. The representative of Thailand thanked the Parties for their responses to its questions on the Agreement's horizontal commitments and competition. Thailand reserved the right to submit any further questions in writing.

1.23. The representative of the European Union said it had asked questions on rules of conduct for major suppliers in the telecoms sector, the audiovisual coproduction agreement signed in 2015, and on actions carried out for strengthening cooperation in various areas. She thanked the Parties for their replies. She had two follow up questions that she would submit in writing. As the Agreement had entered into force in 2010 the EU would be interested to know if the Parties had assessed more thoroughly the impact of services trade flows. Secondly, she asked the Parties for updates on concrete activities related to the audiovisual coproduction agreement.

1.24. The representative of the United States noted that the Agreement dated from 2010 and expressed regret at the long delay under the Transparency Mechanism but he appreciated being able to review at least part of the Agreement. The United States appreciated the transparency provided on trade in goods by the representative of Korea and looked forward to a full review of the goods aspects of the Agreement as soon as possible. He understood that there was an outstanding question of venue but data was also outstanding and he hoped that the Parties would submit the data so that the Secretariat could complete its Factual Presentation. Once that document was complete Members could address the question of venue. It had been many years since the Agreement's entry into force and the United States would like to see the Transparency Mechanism applied for the complete Agreement.

1.25. The representative of Republic of Korea said that the Parties would provide detailed answers to the questions posed by Japan and the European Union in the near future. He could provide some preliminary responses. On the question about the operation of the cooperation mechanism between the Parties he said that a meeting would be held under the general Committee meeting. He said that film making and audiovisual industries were promising areas to the Parties and several products had been made under the audiovisual coproduction agreement. Further detailed information on this and other questions would be provided in writing.

1.26. The Chairman said that consideration of the Services Aspects of the Comprehensive Economic Partnership Agreement between the Republic of Korea and India had allowed the Committee to clarify a number of questions and it could now conclude oral discussion of the RTA in accordance with paragraph 11 of the Transparency Mechanism. If any delegations wished to ask follow-up questions they were invited to forward submissions in writing to the Secretariat by 27 September 2017 and Parties were asked to submit replies in writing by no later than 11 October 2017. In accordance with paragraph 13 of the Transparency Mechanism all written submissions, as well as minutes of this meeting would be circulated promptly, in all WTO official languages, and would be made available on the WTO website.

1.27. The Committee took note of the comments made.
