



# ASEAN-KOREA FREE TRADE AGREEMENT

2<sup>nd</sup> edition

2 June 2009

ASEAN Member States and the Republic of Korea signed the Framework Agreement on Comprehensive Economic Cooperation on 13 December 2005 in Kuala Lumpur, Malaysia. The main objective of the Framework Agreement is to establish an ASEAN-Korea Free Trade Area (AKFTA) to strengthen and enhance economic, trade and investment cooperation among ASEAN Member States and Korea by progressively liberalising and promoting trade in goods and services as well as create a transparent, liberal and facilitative investment regime. The Agreement also aims to explore new areas and develop appropriate measures for closer economic cooperation and integration; facilitate more effective economic integration of the new ASEAN Member States and bridge the development gaps; and, establish a cooperative framework to further strengthen economic relations among the countries.

## ASEAN-Korea Trade in Goods Agreement

To achieve the objective of the Framework Agreement, the ASEAN-Korea Trade in Goods Agreement was signed on 24 August 2006 in Kuala Lumpur, Malaysia, by nine ASEAN Member States, except Thailand, and Korea. The ASEAN-Korea Trade in Goods Agreement aims to eliminate tariffs maintained by each country on almost all products. Korea is scheduled to complete the tariff elimination by 2010. The tariff elimination schedules for Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand will be completed by 2010, with flexibility for 5% of products to have their tariffs eliminated in 2012. Viet Nam and Cambodia, Lao PDR and Myanmar are scheduled to finalise their tariff elimination by 2016 and 2018, with flexibility for 5% of products to have their tariffs eliminated in 2018 and 2020, respectively.

## ASEAN-Korea Trade in Services Agreement

Following the Trade in Goods Agreement, the ASEAN-Korea Trade in Services Agreement was concluded on 21 November 2007 in Singapore by nine ASEAN Member States, except Thailand, and Korea. This Agreement aims to liberalise trade in services among

ASEAN Member States and Korea in various services sectors. In many instances, the level of liberalisation commitments under this Agreement are higher than the commitments that the participating countries made under the General Agreement on Trade in Services (GATS) of the World Trade Organisation ("GATS Plus" Principle). The Agreement also provides for progressive liberalisation by allowing for a few rounds of negotiations.

Thailand has joined in the AKFTA by signing the Protocols on Accession of Thailand into the Trade in Goods Agreement and Trade in Services Agreement with all other nine ASEAN Member States and Korea on 27 February 2009 in Hua Hin, Thailand.

## ASEAN-Korea Investment Agreement

The ASEAN-Korea Investment Agreement was signed on 2 June 2009 at the sidelines of the ASEAN-Korea Commemorative Summit in Jeju Island. The signing marks the completion of the ASEAN-Korea Free Trade Agreement.

The Investment Agreement, a legal framework to expand investment between the two parties, would afford better protection for both Korean and ASEAN investors by granting most-favoured-nation treatment, which will guarantee protection from discriminative measures by local governments. Plans for the liberalisation of investment for individual industries will also be completed within five years of the agreement taking effect.

The Investment Agreement will enter into force as soon as Korea and at least one ASEAN Member States notify the completion of their domestic ratification process. \*

Please visit [www.asean.org](http://www.asean.org) for the full text of the Framework Agreement on Comprehensive Economic Cooperation among the Government of the Member Countries of the Association of Southeast Asian Nations and the Republic of Korea and its related agreements.

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FACT SHEET

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