

3) The acquisition of outstanding stocks of existing domestic companies by natural persons or juridical persons of another member is restricted. However, foreign portfolio investment in Korean stocks is permitted only for the stocks listed on the Korean Stock Exchanges, and individual foreign investors can own up to 6 per cent of each company's total stock, while aggregate foreign investments cannot exceed 23 per cent (18 per cent in the case of two public enterprises: Pohang Iron and Steel Company, Korea Electric Power Corporation) per each company.

The acquisition of outstanding bonds of existing domestic companies by natural persons or juridical persons of another Member is restricted except in the following cases:

(i) Direct foreign investment is allowed in non-guaranteed Convertible Bonds issued by listed companies.

(ii) The purchase of government and public bonds, with interest rates comparable to international interest rates, is allowed in the primary market.

(iii) Foreign investors are allowed to make indirect bond investment through the purchase of beneficiary certificates offered exclusively to foreigners.

(iv) Foreign investors are allowed to make indirect bond investment through country funds.

(v) Foreign direct investment in medium and long-term non-guaranteed bonds issued by small and medium-sized companies are allowed.

The establishment of branches must be approved in accordance with the Foreign Exchange Management Act.

4) Unbound except for measures affecting the

3) The amount of foreign direct investment must be at least 50 million Won.

The acquisition of land is unbound except:

(i) That the acquisition of land by companies which are not deemed as foreign under the Alien Land Law is permitted, and

(ii) That the acquisition of land by companies which are deemed as foreign under the Alien Land Law and branches of foreign company is permitted, subject to approval or notification in accordance with the Alien Land Law, for the following legitimate business purposes:

- land used for supplying services during the course of normal business activities;

- land used for housing senior company personnel under pertinent laws; and

- land used for fulfilling land-holding requirements stipulated by pertinent laws.

Eligibility for subsidies, including tax benefits, may be limited to companies which are established in Korea according to the pertinent laws.

Unbound for research and development subsidies.

4) Unbound except for measures concerning

entry and temporary stay of natural persons as defined below:

A. Natural persons who are employees of firms that supply services through 100 per cent foreign ownership, joint venture companies or branches established in Korea and who have been in the employ of their firm for a period of not less than one year immediately preceding the date of their application for admission and who are one of the following:

(i) Executives - persons within an organization who primarily direct the management of the organization, exercise wide latitude in decision-making, and receive only general supervision or direction from higher-level executives, the board of directors, or shareholders of the business. Executives would not directly perform tasks related to the actual supply of a service or services of the organization.

(ii) Senior Managers - persons within an organization who primarily direct the organization or a department of the organization; supervise and control the work of other supervisory, professional or managerial employees; have the authority to hire and fire or recommend hiring, firing or other personnel actions; and exercise discretionary authority over day-to-day operations. Senior managers do not include first-line supervisors, unless the employees supervised are professionals, nor do they include employees who primarily perform tasks necessary for the supply of the service.

(iii) Specialists - persons within an organization who possess knowledge at an advanced level of continued expertise and proprietary knowledge on the services, research equipment, techniques, or management of the organization.

B. Natural persons meeting the criteria of category A(i) or A(ii) and who are responsible for the setting up, in Korea, of a commercial presence of a service supplier of a Member when the service

the categories of natural persons referred to in the market access column.

The acquisition of land is unbound except that the leasehold right of land is permitted, subject to approval.

Eligibility for subsidies, including tax benefits, may be limited to residents according to the pertinent laws.

supplier has no representative office, branch or subsidiary in Korea and the persons are not engaged in making direct sales or supplying services.

C. Natural persons not based in the territory of Korea and receiving no remuneration from a source located within Korea, who are engaged in activities or representing a service supplier for the purpose of negotiating for the sale of the services of that supplier when such sales are not directly made to the general public and the persons are not engaged in supplying the services.

Entry and stay of natural persons as defined in A is limited to a period not exceeding three years that may be extended if extension is deemed to be necessary.

Entry and stay of natural persons as defined in B and C is limited to a period of 90 days.

Natural persons whose entries and temporary stays are permitted shall observe the Immigration Law and the labour laws. Korea's commitments regarding temporary movement of natural persons do not apply in the case of labour-management disputes.

3) Residents who have been treated as foreigners in the Securities Exchange Act are accorded national treatment in portfolio investment in Korean stocks.

* An asterisk on the CPC (UN Provisional Central Product Classification: statistical Papers series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991) code number indicates that the corresponding service subsector in this schedule only covers a part or parts of the service subsector classified under the given CPC code number.

