

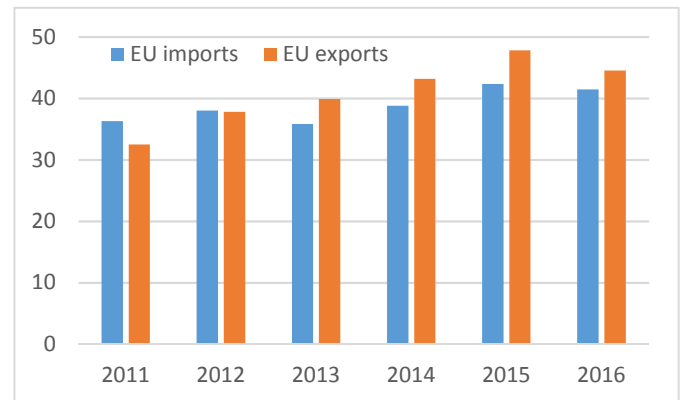
EU-South Korea free trade agreement

The EU-South Korea free trade agreement (FTA), applied since July 2011, entered into force in December 2015. The agreement has successfully boosted EU-Korea trade exchange. The European Parliament is due to adopt a report on the five years of the FTA's implementation in May 2017.

EU and South Korea: major trade partners

The EU and South Korea are [strategic partners](#) since October 2010. An EU-South Korea free trade agreement (FTA), applied since July 2011, entered into force in December 2015. Import duties were eliminated on all products, with the exception of some agricultural products, in July 2016. This agreement was the first of a 'new generation' of EU FTAs, as it contains provisions going beyond mere tariff liberalisation and includes rules on eliminating non-tariff barriers. The EU is South Korea's third most important [trading partner](#), after China and the USA. South Korea is the EU's eighth most important trading partner. An EU-South Korea [Framework Agreement](#) entered into force in June 2014.

EU-Korea trade flows under the FTA



Source: [Eurostat](#), 2017. Data in € billion.

The FTA has successfully boosted EU-Korea trade exchange. Total trade has risen constantly, although it dipped slightly in 2016. While in 2011 total trade was €68.8 billion, in 2015 it reached €90.1 billion – an increase of more than 30 % – before decreasing slightly to €85.9 billion in 2016. The EU had a trade deficit until 2012; but since then has had a surplus, reaching €5.4 billion in 2015 and €3.1 billion in 2016. South Korea also gains through the FTA: its exports to the EU increased from €36.3 billion in 2011 to €42.3 billion in 2015 (with a decrease to €41.4 billion in 2016). As for trade in services, in [2015](#), the EU had a surplus of €4.8 billion.

Future prospects for the EU-Korea FTA

The EU-Korea FTA's negotiations began in May 2007, before the entry into force of the Lisbon Treaty, under which foreign direct investment (FDI) became an exclusive competence of the EU: the FTA therefore does not contain an investment chapter. The European Commission is currently planning to amend the FTA, to include provisions on investment protection standards and a system of investor-state dispute settlement, taking account of current negotiations with Canada to establish a [multilateral investment court](#), following the signature of the Comprehensive Economic and Trade Agreement (CETA) with Ottawa. The EU is a [major investor](#) in South Korea: in [2015](#) its foreign direct investment (FDI) stocks amounted to €49.8 billion.

European Parliament position

The European Parliament is expected to debate a report on the five years of the EU-Korea FTA's implementation, in May 2017, in Strasbourg. On 21 March 2017, Parliament's Committee on International Trade (INTA) adopted an own-initiative [report](#), in which MEPs stressed that the FTA is a process and its activities should therefore continue to be subject to periodic analyses and evaluation. The committee underlines that there are significant differences in the level of utilisation of preferences between EU Member States, ranging from 16 % to 92 %. The committee also pointed out some technical barriers to trade, barriers in the area of sanitary and phyto-sanitary measures, intellectual property rights, the chapter on trade and sustainable development, and the wording of the rules on origin.

Own-initiative report: [2015/2059\(INI\)](#); Committee responsible: INTA; Rapporteur: Adam Szejnfeld (EPP, Poland).

