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# REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

## Annual Report on the Implementation of the EU-Korea Free Trade Agreement

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**Annual Report on the Implementation of the EU-Korea Free Trade Agreement**

## 1. Introduction

1 July 2015 marked the fourth anniversary of the Free Trade Agreement (FTA) between the EU and its Member States and the Republic of Korea ('Korea'). The FTA has been provisionally applied since July 2011. On 13 December 2015, it entered formally into force following the ratification by EU Member States.

The EU-Korea FTA is the first of a new generation of FTAs, characterised by its far-reaching and comprehensive nature. It is also the EU's first trade deal with an Asian country and the most ambitious FTA implemented by the EU so far.

The FTA has already seen its first amendment. The Additional Protocol to the FTA to take into account Croatia's EU accession was signed in March 2014 and provisional application started on 26 May 2014. It entered into force on 1 January 2016.

This is the fourth Annual Report on the implementation of the FTA, in accordance with the provisions of Regulation (EU) No 511/2011 of the European Parliament and of the Council of 11 May 2011 implementing the bilateral safeguard clause of the Free Trade Agreement between the European Union and its Member States and the Republic of Korea[1]. According to Article 13(1) of the said Regulation, the Commission shall make public an annual report on the application and implementation of the Agreement. Furthermore, Article 3(3) stipulates that the Commission shall present an annual monitoring report to the European Parliament and the Council on updated statistics on imports from Korea of products in the sensitive sectors and those sectors to which monitoring has been extended. This report therefore combines these two reporting requirements. The evolution of EU imports from Korea in the sectors covered by the monitoring and the results of the specific monitoring on duty drawback are presented in the Commission Staff Working Document attached to this report.

The report also gives an overview of the activities of the various committees and working groups established under the FTA to monitor the implementation of the agreement. Since most of these met in the second half of 2015, this report covers the period July 2014 until December 2015. The analysis of trade statistics covers the fourth implementation year, i.e. July 2014 to June 2015 to allow for a comparison with the corresponding 12-month period before the FTA took effect, whereas the summary of the activities of the FTA implementation bodies covers the calendar year 2015.

[1] OJ L 145, 31.5.2011, p. 19

## 2. OVERALL ASSESSMENT: EVOLUTION OF TRADE AFTER FOUR YEARS OF FTA IMPLEMENTATION

### 2.1. Methodology used for the analysis

The below analysis of the bilateral trade flows for goods between the EU and Korea is based on a comparison of data for the fourth year of implementation of the FTA (July 2014 – June 2015) with the 12-month period before the FTA took effect and provisional application started (July 2010 – June 2011).

As regards trade in services, the analysis is based on annual data until 2014.

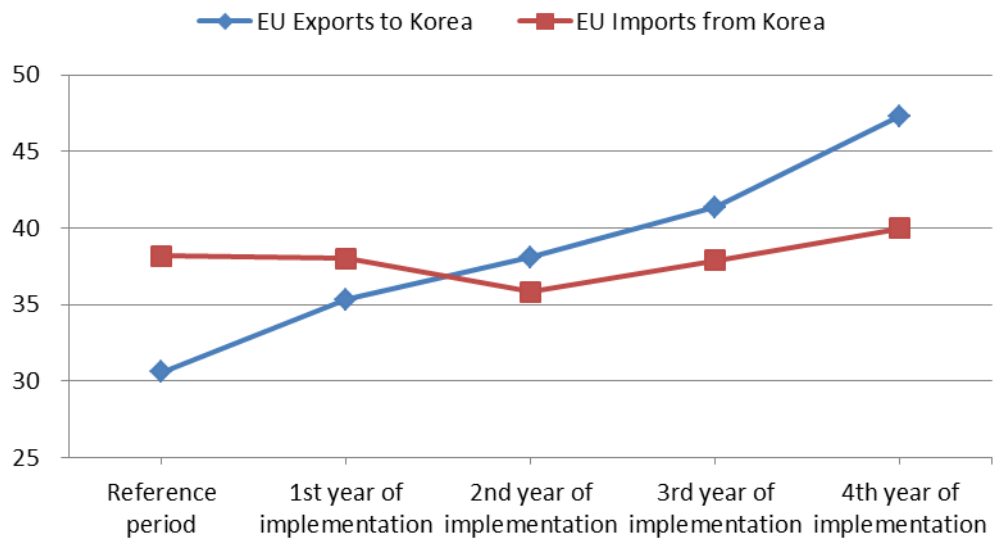
It should be noted that changes in trade flows cannot be attributed solely to the FTA, as also other factors influence trade flows. However the figures provided below give a good indication of how the FTA has worked so far.

### 2.2. Overall evolution of trade in goods

EU exports to Korea increased by 55%, from 30.6 billion EUR in the 12-month period before the FTA took effect to 47.3 billion EUR in the fourth year of the FTA. The annual increase in exports was more than 15% in the first year of FTA implementation[2], 8%-9% in the second and third years and 14% in the fourth year.

EU exports to Korea of products that were fully or partially liberalised by the FTA grew by 57% and 71% respectively compared to the 12-month period before the FTA took effect (by 8.8 billion EUR and 1.7 billion EUR respectively), whereas EU exports of products subject to zero MFN tariff grew by 25% (1.9 billion EUR). The respective growth of EU exports to the world[3] of these products was 19% for the fully liberalised products, 26% for the partially liberalised products and 13% for the zero MFN products.

**Graph 1: EU Exports to and Imports from Korea, July 2010-June 2015 (billion EUR)**




[2] First year of FTA implementation (July 2011-June 2012), second year (July 2012-June 2013), third year (July 2013-June 2014), fourth year (July 2014-June 2015).

[3] This refers to extra-EU trade only, i.e. trade with EU Member States is excluded.

*Source: EUROSTAT-COMEXT (extracted in October 2015)*

EU imports from Korea in the fouth year of the FTA amounted to 40.0 billion EUR, having increased by 5% since the 12-month period before the entry into effect of the FTA. In the third and fourth years of implementation, imports increased annually by 6%, whereas in the second year they decreased by 6% compared to the previous year.

It is worth noting that in the fourth year of FTA implementation, EU imports from Korea increased more than EU imports from the world, which increased by 2% compared to the previous year.

EU imports from Korea of products that were fully or partially liberalised by the FTA grew by 35% and 64% respectively compared to the 12-month period before the entry into effect of the FTA (by 5.0 billion EUR and 0.5 billion EUR respectively), whereas EU imports from Korea of products subject to zero MFN tariff decreased by 29% (by 5.8 billion EUR).

Overall, the EU's 7.6 billion EUR trade deficit with Korea in the 12-month period before the FTA took effect has turned into a trade surplus, amounting to 7.3 billion EUR in the fourth year of the FTA.

The EU's share in total Korean imports increased from 9% before the entry into effect of the FTA to 13% in its fourth year. Over the same period of time, the EU's share in total Korean exports declined from 11% to slightly less than 9%[4].

### 2.3. Sectoral effects

In terms of EU exports, the most important product categories are:

- "Machinery and appliances" (HS[5] 16), accounting for 30% of total EU exports to Korea, which increased by 24%.
- "Transport equipment" (HS 17), representing 21% of total EU exports to Korea, which increased by 134%.
- "Chemical products" (HS 06), accounting for 12% of total EU exports to Korea, which increased by 21%.
- Other categories of products that have shown a significant increase in EU exports since July 2011 are "Mineral products" (HS 05)[6]), "Pearls & precious metals" (HS 14), "Footwear" (HS 12) and "Wood" (HS 09).

The current level of EU exports to Korea would have generated duty payments of 2.8 billion EUR had the FTA not been in place[7].

[4] The EU's share in total Korean imports refers to Korea's imports from the EU as a share of Korea's imports from the world. The EU's share in total Korean exports describes Korea's exports to the EU as a share of Korea's exports to the world.

[5] Harmonised system

[6] EU exports of "Mineral products" to Korea increased mainly in the first year of FTA implementation. They account for 7% of total EU exports to Korea.

[7] This calculation is based on Korean imports from the EU at HS6 level, in the fourth year of the FTA implementation (ITC data).

As far as EU imports from Korea are concerned, the main product categories are:

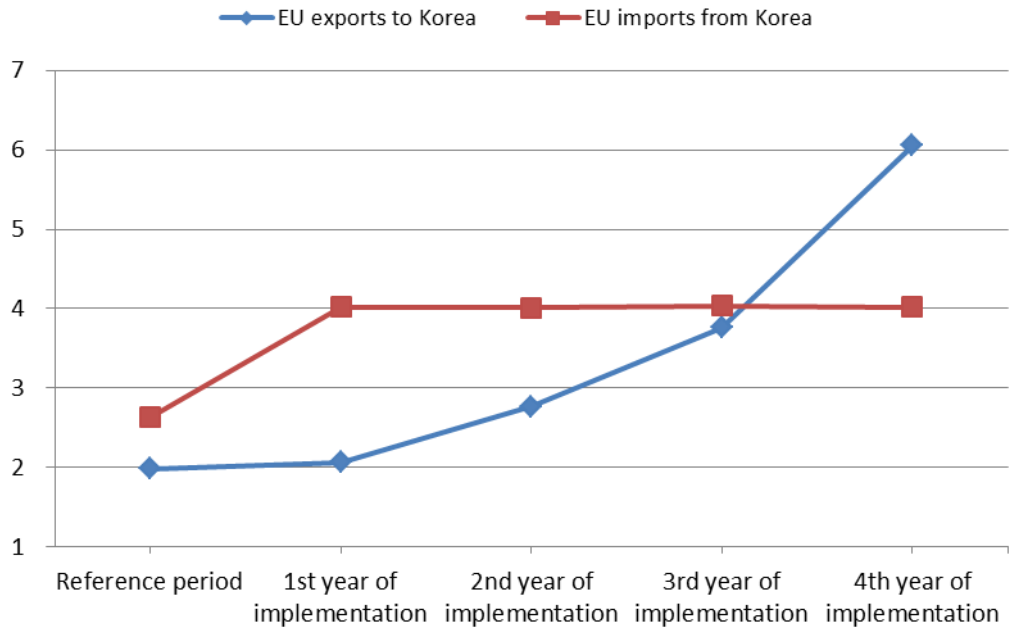
- "Machinery & appliances", accounting for 36% of EU imports from Korea, which decreased by 16%.
- "Transport equipment", accounting for 26% of total EU imports from Korea, which fluctuated over the four years and in June 2015 were almost at the same level as in June 2011.
- Significant increases were noted in EU imports of "Chemical products" and "Plastics" (HS 07), which have increased by 115% and 59% respectively since the FTA's entry into effect.

## 2.4. Bilateral trade of motor vehicles and car parts

EU exports of motor vehicles (HS 8703) have increased by 206%, from 2.0 billion EUR (74,600 units) in the 12-month period preceding the entry into force of the agreement to 6.1 billion EUR (210,900 units) in the fourth year of the FTA, accounting for 13% of total EU exports to Korea. The annual increase in exports was around 35% in the second and third years of the FTA, whereas in the fourth year it was 61%.

EU imports from Korea have grown by 53% from 2.6 billion EUR to 4.0 billion EUR or by 13% in terms of units imported (from 300,000 to 339,000). The entire increase (53%) occurred in the first year of FTA implementation. Motor vehicles account for 10% of total EU imports from Korea.

**Graph 2: EU Exports to and Imports from Korea of Motor Vehicles, July 2010-June 2015 (billion EUR)**




*Source: EUROSTAT-COMEXT (extracted in October 2015)*

EU exports of car parts to Korea[8] were around 1.2 billion EUR in the fourth year of the FTA, having increased by 18% since the 12-month period before the FTA took effect. The highest annual increase (12%) occurred in the fourth year of FTA implementation.

EU imports from Korea of car parts increased by over 36% from 2.2 billion EUR in the 12-month period before the FTA took effect to 3.0 billion EUR during the fourth year of the FTA. The 23% increase in imports in the first year of the FTA was followed by a 13% decrease in the second year and a 12% annual increase in the third and fourth years.

### 2.5. Trade in services and Foreign Direct Investment (FDI)

In 2014 EU exports of services amounted to 11.9 billion EUR, having increased by 11% compared to the previous year. At the same time, EU imports of services from Korea amounted to 6.0 billion EUR, noting a 4% increase compared to 2013. EU trade in services with Korea represents 1% of extra-EU trade in services.

**Table 1: EU-Korea trade in total services (million EUR)**

| | EU Imports (Debit) | EU Exports (Credit) | EU Trade Balance |
|---|---|---|---|
| **2010** | 4,749 | 7,436 | 2,687 |
| **2011** | 4,602 | 7,864 | 3,262 |
| **2012** | 4,888 | 8,980 | 4,092 |
| **2013** | 5,747 | 10,722 | 4,975 |
| **2014** | 5,959 | 11,917 | 5,958 |

*Source: Eurostat (BOP)*

In 2014 EU FDI outward stocks to Korea were equal to 43.7 billion EUR, whereas the EU FDI inward stocks from Korea totalled 20.3 billion EUR (35% increase compared to the previous year). These figures represent 1% of extra-EU FDI stocks.

**Table 2: EU-Korea Foreign Direct Investment (million EUR)**

| | Stocks | | Flows | |
|---|---|---|---|---|
| | **Inward** | **Outward** | **Inward** | **Outward** |
| **2010** | 13,140 | 37,480 | 4,012 | 2,448 |
| **2011** | 10,782 | 36,306 | 1,810 | 2,217 |
| **2012** | 16,866 | 35,206 | 4,302 | -179 |
| **2013 (b)** | 14,871 | 32,308 | 1,751 | 1,172 |
| **2014** | 20,252 | 43,720 | 4,436 | 5,629 |

*Note: (b) break in series. Data for 2010-2012 is compiled according to the BPM5 methodology and is not comparable with data for 2013-2014 which is based on the BPM6 methodology. Special-Purpose-Entities (SPEs) are included[9].*

[8] Car parts include tyres (401110, 401211), engines (840733, 840734, 840790, 840820) and parts (8708).

[9] In 2014 SPEs accounted for 44% of EU outward stocks to Korea and 3% of EU inward stocks from Korea. Regarding flows, 84% of EU outward flows to Korea and 19% of EU inward flows from Korea refered to SPEs.

### 2.6. Use of tariff preferences under the FTA

Based on data received for the fourth year of FTA implementation, the overall EU Preference Utilisation Rate (PUR) on the Korean market was 65%. This compares to 66% in the third year of the FTA. This rate shows to what extent EU exporters are using the FTA provisions[10]. The use of preferences in agricultural products was higher than in industrial products (86% vs. 64%).

At EU Member State level, the use of preferences fluctuated between 6% and 91%. The Member States with the highest PURs, above 80%, are Latvia, Austria and Slovakia, while the Member States with the lowest PURs, below 16%, are Malta and Luxembourg.

At HS section, the highest overall PURs are found in "Transport equipment" (HS 17) and in "Live animals & animal products" (HS 1) at 93%. The lowest overall PURs (below 50%) are found in "Mineral products" (HS 05), "Pearls & precious stones" (HS 14), "Base metals" (HS 15) and "Machinery" (HS 16).

With respect to the Korean exports to the EU, the overall PUR on the EU market was higher than the EU PUR, at 84% in 2014. At HS section, the highest overall PURs were in "Mineral products", "Transport equipment" and "Plastics & rubber" (above 90%), whereas the lowest overall PURs were in "Wood" and "Pearls" (around 9% and 34% respectively). It is worth noting that the Korean PUR for machinery was 72%, i.e. much higher than the respective EU PUR of around 48%[11].

## 3. ACTIVITIES OF THE FTA IMPLEMENTATION BODIES

The institutional provisions of the FTA established seven Specialised Committees, seven Working Groups and an Intellectual Property (IP) Dialogue. The annual EU-Korea FTA Trade Committee at ministerial level plays a supervisory role and ensures that the FTA operates properly. In 2015 most committees and working groups, including the Trade Committee, took place in Korea, as summarised below. In addition, the EU-Korea Summit was held in Seoul, Korea, on 15 September 2015.

The **Committee on Sanitary and Phytosanitary Measures** took place in Sejong City, Korea, on 9 June 2015. The Committee discussed Korea's Special Act on Imported Food Safety Management and its subordinate legislation under preparation, the quantity of sample collection for testing on high value products, the progress of the import approval procedure on EU beef, the EU's request to apply regionalisation principles and to lift the import bans on pork from Poland and poultry and poultry products from certain EU Member States, the “born and raised” clause in the bilateral sanitary protocols between EU Member States and Korea and the EU exports of non-pasteurized cheese to Korea, Korean exports of chicken-ginseng soup and live olive flounder to the EU and EU Member States' standards for iodine content in seaweeds.

[10] It is equal to the following ratio:

$$\frac{\text{Korea's preferential imports (the value of EU exports to Korea that enter Korea under the preferential rates)}}{\text{Korea's preference eligible imports (the value of EU exports to Korea that are eligible for preferential rates)}}$$

[11] Data on the EU and Korean PUR are not directly comparable as they refer to different periods (July 2014 to June 2015 for the EU PUR, and January-December 2014 for the Korean PUR).

The **Working Group on Motor Vehicles and Parts** met in Seoul on 10 June 2015. The agenda was divided into FTA implementation issues, market access issues and a discussion on future regulatory development and convergence. Under FTA implementation issues and a separate technical meeting, progress was made on the technical update of Annex 2-C. During the Working Group, the Korean side confimed the acceptance of EURO VI certificates for heavy duty commercial vehicles and simplified, electronic documentary procedures for imports of E-marked tyres. Market access issues discussed included, inter alia, truck-tractors, self-certification and marking of car parts, new emission standards for petrol cars, CO2 targets, vehicle width limit, auxiliary braking system of large-sized buses and safety standards for armrest impact.

The **Working Group on Pharmaceuticals and Medical Devices** which met in Seoul on 11 June 2015 discussed, inter alia, the Korean pharmaceuticals pricing system and the appropriate recognition of the value of innovative drugs and technologies, proposed amendments to the Korean National Health Insurance Act, implementation by Korea of serialisation for drugs, Korea's application for white-listing of Active Pharmaceutical Ingredients (APIs) in the EU, the reimbursement price cuts based on the import price methodology of medical devices, clinical test requirements, and the proposed amendments to the EU medical device legislation related to the CE marking system. The Working Group was followed by an experts' meeting where both sides shared the inspection results in the pharmaceutical sector within the framework of the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S) and their views on regulatory harmonisation in the medical devices sector, and also discussed Korea's application for APIs.

On the same day, on 11 June 2015, the **Working Group on Chemicals** met in Seoul to share information on the implementation of each side's REACH, in particular regarding restricted substances and risk management methods, the compatibility of Korea's IT systems with OECD formats and the International Uniform Chemical Information Database (IUCLID), ways of ensuring confidentiality on the registered chemicals under the Korean REACH, cumbersome requirements for confirmation on R&D substances exempted from registration and for importers' annual report,etc. The EU side also updated the Korean side about the EU's Biocidal Products Regulation in view of concerns raised by some Korean exporters.

On 7 September 2015, the **Committee on Outward Processing Zones (OPZ) on the Korean Peninsula** met in Seoul. The Korean side provided an overview of the Gaeseong Industrial Complex, the inter-Korean factory park located in North Korea. The Committee futher took stock of the discussions of the previous Committee meeting. In addition, it discussed the textual proposal submitted by Korea to amend the OPZ related provisions of the FTA. Both sides acknowledged the political sensitivity of the issue of OPZ but agreed to continue the discussions at working level.

On 8 September 2015, the **Committee on Trade in Goods** met in Sejong City. It discussed the overall implementation of the FTA after four years, including how to improve FTA utilisation by businesses. Other issues discussed included, inter alia, recent regulatory developments in the EU for electrical and electronic products, the review by Korea of Article 4 (Transitional arrangements) of Annex 2-B of the FTA to move products under lighter certification schemes and further regulatory cooperation in the field of electrical and electronic products. Market access issues of the EU cosmetics industry were also discussed,

i.e. in particular Korea's electronic data interchange system and the provisions related to downtown duty-free shops. In addition, in the absence of a dedicated committee or working group for the implementation of the Competition Chapter of the FTA, the implementation of this chapter, in particular in respect of subsidies was discussed. Finally, the parties discussed the preparation of the Trade Committee.

On 9 September 2015, the **Committee on Trade and Sustainable Development** met in Seoul. The parties exchanged views on their respective environment and labour policies. Chapter 4 below describes these discussions in more detail.

The **Working Group on Geographical Indications (GIs)** met twice in 2015. The first meeting took place in Seoul on 14 September 2015, followed by a second meeting in Brussels on 4 November 2015. Progress was made on the new GIs to be added to the list of protected GIs under the FTA and discussions continued on the process leading up to such additions. In both meetings the parties also discussed enforcement of some European GIs on the Korean market and some Korean GIs on the EU market.

On 24 September 2015, the **Committee on Trade in Services, Establishment and Electronic Commerce** met in Brussels. The parties discussed and exchanged information on the implementation of the FTA in a number of areas, including the review of the investment legal framework, financial services, especially in respect of transfer and processing of financial information as well as performance functions, personal data protection and postal and courier services, where the review of the postal principles as well as express delivery services were discussed. Finally, the parties updated each other on their negotiations related to trade in services and investment.

On the same day, 24 December 2015, the **Working Group on Mutual Recognition Agreements (MRA) for Services** gathered in Brussels. Both sides exchanged views on their respective MRA initiatives with other countries and took stock of the progress in MRA discussions between professional associations in the areas of engineeering and architectual services. They also discussed future work in these areas and agreed that the professional associations should be continued to be encouraged to work together.

On 4 November 2015 the **Customs Committee** met in Brussels. It discussed possible amendments to the FTA in the customs area, e.g. the EU's proposal to amend the direct transport clause and to add a clause on repaired goods, and Korea's suggestion to abolish Article 14 of the Rules of Origin Protocol of the FTA concerning exemption from, or drawback of, customs duties. The technical update of product specific rules from HS2007 to HS2012, requested by Korea, was also discussed. Furthermore, the committee addressed issues related to the rules of origin, such as the interpretation of primary ingredient of surimi base, origin verification procedures and the approved exporter system. In addition, the parties discussed the new measures by the Korea Customs Service on express shipments by express operators and mutual administrative assistance on a specific case.

The **IP Dialogue** took place in Brussels on 5 November 2015. Both sides gave an update about the legislative and policy developments in the IP area, notably on copyright, patents, trade marks and enforcement. The EU side raised the importance of maintaining a balance between the right holders of standard essential patents and implementers in Korea's competition policy. The EU side further expressed its concerns about the lack of

implementation of the FTA provisions on public performance rights, pending the revision by Korea of the Copyright Act and underlined the economic importance for both the EU and Korea of this issue.

The **Trade Committee** took place on 15 September 2015 in Seoul, back to back with the EU-Korea Summit on the same day. It was co-chaired by the Commissioner for Trade, Ms Cecilia Malmström and Korea's Minister for Trade, Industry and Energy, Mr Yoon Sang-jick. The Committee assessed the development of bilateral trade after four years of implementation of the FTA and the rate of preference utilisation by exporters on both sides. The Korean side expressed their concerns about their trade deficit with the EU, which had deepened in the fourth year of the FTA. While there were many reasons for this, such as the decreased demand in the EU, it made it difficult for the Korean Government to justify the benefits of the FTA to its domestic stakeholders.

The Trade Committee also discussed the possible future revision of the FTA, in particular in view of Korea's interest to include investment protection provisions into the FTA and the EU's request to amend certain provisions, such as the direct transport clause. Both sides agreed to start exploring a possible package of FTA amendments, taking into account the interests and sensitivities on both sides.

Both sides also raised their respective concerns related to the implementation of the agreement or market access in general, in particular in the areas of SPS, technical barriers to trade and intellectual property rights and instructed the specialised committees and working groups to continue to seek solutions to the issues of both sides.

Finally, at the **EU-Korea Summit**, which was held in Seoul after the Trade Committee on 15 September 2015, the leaders reiterated that the full implementation of the FTA and an increase in trade volume between Korea and the EU was important, in order to bring the expected benefits to both sides in a balanced way. They futher encouraged their trade officials to produce tangible outcomes on the FTA implementation issues and agreed to explore ways to improve investment norms, while continuing discussions on other FTA improvements.

## 4. IMPLEMENTATION OF CHAPTER 13 OF THE FTA CONCERNING TRADE AND SUSTAINABLE DEVELOPMENT

As indicated above, the fourth meeting of the Committee on Trade and Sustainable Development (CTSD) was held in Seoul on 9 September 2015.

In line with the well-established practice of previous meetings, the Co-Chairs of the Civil Society Forum (CSF) updated the CTSD on the work of the Domestic Advisory Groups (DAGs) since the last Committee meeting.

The environment segment included a presentation by the Korean side on the Recycling Society, the flagship of the Korean environmental policy, including an update on recent developments regarding the ‘Act on Promotion of Transition to Resource Circulating Society’, which will be enforced from 2017. The parties further discussed illegal logging, where the EU side expressed readiness to cooperate with Korea to identify best approaches to halt import and trading of illegally harvested timber and derived products. Korea informed

about its legislative proposal addressing trade in illegally harvested timber and timber products. The parties also discussed the state of ratification of the Minamata Convention on Mercury.

The labour policy segment was introduced by a presentation of the International Labour Organisation (ILO) on developments regarding the implementation of ILO Convention 111 and lessons learned from ways to overcome obstacles to compliance.

The labour issues discussed included commitments under Art. 13.4 of the FTA to respect, promote and realise in law and practice the ILO fundamental principles and rights at work as well as to effectively implement the ILO Conventions that Parties have ratified respectively and to make continued efforts towards ratifying the core ILO Conventions and other Conventions classified as 'up-to-date' by the ILO. The Parties updated each other on work towards ratification and effective implementation of ILO fundamental, priority and other up-to-date conventions, as well as on labour market policy developments which may have an impact on trade and/or investment.

The EU invited Korea to speed up efforts to ratify the fundamental ILO conventions that it hasn't yet ratified, in particular concerning forced labour, freedom of association and the right to collective bargaining. The Korean side agreed to share before the next meeting of the CTSD and the CSF texts setting out additional intended concrete steps towards removing remaining obstacles for ratification of the core ILO Conventions.

Regarding cooperation under Annex 13 of the FTA, in order to further their commitments in the field of labour under the FTA, and building on the ILO's presentation, the Parties agreed to launch a project under the Partnership Instrument (PI) to look into the implementation of ILO Convention 111 on non-discrimination in employment and occupation, with the aim of better understanding the state of play of implementation in Korea and EU Member States, and identifying obstacles, lessons learned and best practices to enhance compliance. The Parties also discussed their commitment to responsible business conduct and the possible launch of a PI project in the field of CSR. Finally, the parties discussed recent developments regarding the ongoing negotiations on an Agreement on Environmental Goods and their cooperation in this context.

The Committee agreed that the ambitious Trade and Sustainable Development chapter in the FTA shows the Parties' common commitment to the overarching objective of sustainable development, which must be lived up to in implementation – both in spirit and in letter.

The CSF held its fourth meeting on 10 September 2015 in Seoul. It was preceded by a workshop on labour-related aspects on 9 September with a discussion on fixed-term contracts and minimum wages.

The CSF started with a briefing by the co-chairs of the CTSD who reported on the outcome of their discussions the day before and shared with the CSF members suggestions concerning areas for future work and analysis by the CSF. This was followed by a discussion on labour standards, CSR, the civil society contribution to climate change policy and the programme for further work of the DAGs and the CSF.

## 5. CONCLUSION

Based on more than four years of implementation, one can conclude that the EU-Korea FTA has worked very well. EU exports of goods to Korea increased by 55% in the fourth year of FTA implementation, compared to the 12-month period before the FTA took effect. At the same time, also Korean exports increased, even though less than the EU's exports. The weaker performance of Korean exports of goods has to be seen in the context of the decreased demand in the EU following the financial crisis. However, when looking at the development of bilateral trade in goods which has been fully or partially liberalised by the FTA, the situation looks much brighter also for Korea, with an increase of 35% in exports of fully liberalised goods and 64% of partially liberalised goods to the EU.

On the EU-side, exports of fully and partially liberalised goods have also increased more than exports overall, with an increase of 57% for fully liberalised goods and 71% for partially liberalised goods.

Also trade in services has increased by 11% in EU exports to Korea and 4% in EU imports from Korea in 2014 compared to 2013. Over the same period, bilateral FDI stocks have increased by 35%.

Full implementation of the FTA continues to be of key importance, in order to bring the expected benefits to both sides. Some implementation and bilateral trade issues still persist. For example in the SPS sector, cumbersome authorisation procedures create barriers which affect in particular EU beef and pork exports. Implementation has also caused concern in the areas of intellectual property rights, in particular in respect of public performance rights and geographical indications, as well as trade and sustainable development, where there is a need to speed up the ratification of fundamental ILO conventions.

In this respect, the specialised committes and working groups establised to implement the FTA will continue to discuss and seek solutions to the implementation and market access issues, with the aim to produce tangible results. These implementation bodies have also proven to be very useful forums to discuss current and future regulatory developments and areas of future cooperation.

Finally, as agreed at the Trade Committee in September 2015, the EU and Korea will continue discussions on a package of FTA amendments, with the aim of reaching a balanced and mutually agreeable outcome.