EU/Korea Free Trade Agreement: bilateral safeguard clause

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The purpose of this report is to comply with the obligations deriving from Regulation (EU) No 511/2011 of the European Parliament and of the Council implementing the bilateral safeguard clause of the Free Trade Agreement between the European Union and its Member States and the Republic of Korea. This requires the Commission to make public an annual report on the application and implementation of the Agreement, as well as to provide an annual monitoring report to the European Parliament and the Council on updated statistics on imports from Korea of products in the sensitive sectors.

The Free Trade Agreement (FTA) between the EU and South Korea has been provisionally applied since July 2011. It is the first of a new generation of FTAs, characterised by a far-reaching and comprehensive nature. It is also the EU's first trade deal with an Asian country.

While it is still too early, after one year of operation, to draw conclusions on the long-term impact of the EU-Korea FTA, the first signs are promising; there is clear evidence that even only one year into the FTA, the EU has benefited significantly and its exports to Korea are on the up. During this first year of implementation, EU exports to Korea increased by 37% overall compared to the reference period and exports of products fully liberalised as from the date of provisional application of the agreement increased more than exports of other products.

As regards Korean imports into the EU, the current economic climate in Europe has clearly had a negative impact on the growth rate of Korean exports. However, on both sides, exports of products fully liberalised as from provisional application of the agreement have increased.

Now the focus is being put on ensuring proper implementation of the FTA. This FTA establishes comprehensive monitoring based on a set of various Committees and Working Groups, the majority of which have met during the first year of implementation.

According to the Commission, the prospects are bright and despite the fact that some external factors not linked to the FTA, such as the Euro crisis, have created unexpected complications, the situation is likely to stabilise in the longer term and allow bilateral trade to expand to its full potential.