Implementation of the Free Trade Agreement between the European Union and the Republic of Korea

2015/2059(INI) - 10/04/2017 - Committee report tabled for plenary, single reading

The Committee on International Trade adopted the own-initiative report by Adam SZEJNFELD (EPP, PL) on the implementation of the Free Trade Agreement between the European Union and the Republic of Korea.

Members welcomed the fact that the Agreement has led to a **significant growth in trade** between the EU and Korea.

The EU-Korea Free Trade Agreement formally entered into force on 13 December 2015.

The EU's trade deficit, which amounted to EUR 7.6 billion in the 12-month period preceding the Agreement's validity, turned into a **trade surplus of EUR 2.5 billion** in the fifth year of the Agreement's validity.

The report noted however that progress made by Korea on the objectives enshrined in the trade and **sustainable development** chapter is not satisfactory and that there are still cases of violation of freedom of association, including troubling examples of imprisonment of trade union leaders, and interference in negotiations, which should rest within the autonomy of the bargaining partners.

The Commission is called upon to take up formal consultations with the Korean Government towards ensuring the **ratification by Korea of the fundamental International Labour Organisation (ILO) conventions** which this country has not ratified yet.

Furthermore, while the Agreement meets the expectations of the parties in terms of increased bilateral trade and a deeper commercial partnership, the following issues should be analysed to remedy existing problems:

- **technical barriers to trade**, such as: the direct transport clause, which prevents companies from optimising economically their container shipments, the clause on repaired goods, the inclusion of truck-tractors in the scope of the Agreement, and the issue of the rules and procedures governing certificates for machines exported to Korea;
- **barriers in the area of sanitary and phytosanitary measures**, including: barriers restricting exports of EU beef and pork, as well as dairy products;
- intellectual property rights, such as: recognition and protection of geographic designations and commercial rights to the public performance of musical works, phonograms and performances protected by copyright or related rights;
- the chapter on **trade and sustainable development**: ratification and implementation by the Korean party of the fundamental Conventions of the International Labour Organisation;
- the wording of the **rules on origin** and their effect on the preference utilisation rate;
- **customs-related matters** including origin verification procedures.

In addition, recently there have been cases of creation of **new non-tariff barriers**, such as previously non-existing technical norms for machines, equipment or vehicles.

Members supported the **further deepening of trade and investment relations between the EU and Korea**, in particular the Agreement's Investment Chapter and called on the parties to build on a new investment court system proposed by the Commission. The Commission is called, in the long term, to develop a multilateral investment court system that would potentially replace all investment dispute resolution mechanisms in current and future free trade agreements.

Lastly, the Commission and the Member States should take effective steps to raise awareness among SMEs regarding the opportunities that the Agreement has created.