Basic information

2015/2059(INI) INI - Own-initiative procedure	Procedure completed
Implementation of the Free Trade Agreement between the European Union and the Republic of Korea **Subject** 6.20.03 Bilateral economic and trade agreements and relations **Geographical area** South Korea	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	SZEJNFELD Adam (PPE)	14/03/2016
	Shadow rapporteur SCHUSTER Joachim (S&D) STARBATTY Joachim (ECR) VAN BAALEN Johannes Cornelis (ALDE) KOULOGLOU Stelios (GUE/NGL) BUCHNER Klaus (Verts/ALE) BEGHIN Tiziana (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	SIMON Siôn (S&D)	10/03/2015

European Commission

Commission DG	Commissioner
Trade and Economic Security	MALMSTRÖM Cecilia

Key events

Date	Event	Reference	Summary
12/03/2015	Committee referral announced in Parliament		

21/03/2017	Vote in committee		
10/04/2017	Committee report tabled for plenary	A8-0123/2017	Summary
17/05/2017	Debate in Parliament		
18/05/2017	Decision by Parliament	T8-0225/2017	Summary
18/05/2017	Results of vote in Parliament		
18/05/2017	End of procedure in Parliament		

Technical information	
Procedure reference	2015/2059(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Implementation
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	INTA/8/02649

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	EMPL	PE578.668	17/06/2016	
Committee draft report		PE587.531	08/11/2016	
Amendments tabled in committee		PE595.642	14/12/2016	
Committee report tabled for plenary, single reading		A8-0123/2017	10/04/2017	Summary
Text adopted by Parliament, single reading		T8-0225/2017	18/05/2017	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2017)511	26/09/2017	

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

2015/2059(INI) - 18/05/2017 - Text adopted by Parliament, single reading

The European Parliament adopted by 468 votes to 118, with 39 abstentions, a resolution on the implementation of the Free Trade Agreement between the European Union and the Republic of Korea.

Benefits of the Agreement: 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.

During the period of validity of the Agreement:

- **EU exports to Korea** grew by 47 % whereas imports to the EU from Korea in the fifth year of validity of the Agreement had grown by 11 % in comparison with the 12-month period preceding the validity of the Agreement;
- the **EU's share in total Korean imports** grew from 9 % before the Agreement's entry into force to 13 % in the fourth year of its validity;
- EU exports of **passenger vehicles** to Korea grew by 246 % whereas EU imports of passenger vehicles from Korea grew by 71 %;
- EU exports of **services** amounted to EUR 11.9 billion in 2014;
- the EU's foreign direct investment (FDI) in Korea in 2014 reached EUR 43.7 billion, making the EU the largest investor in Korea.

Progress to be made: Parliament noted 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.

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.

Pending issues: 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**;
- 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.

Strengthen relations: 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.

Parliament stressed that the activities carried out in the framework of the Agreement should continue in practice to be subject to **periodic analyses** and evaluations regarding trade impact on specific economic sectors of the EU and of every EU Member State respectively.

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.