



# 2023

## EU - KOREA TRADE AND INVESTMENT RELATIONS



Delegation of the European Union  
to the Republic of Korea



# 2023 EU – KOREA TRADE AND INVESTMENT RELATIONS

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## FOREWORD



Maria Castillo-Fernandez  
EU Ambassador

2022 was another year of challenges that continuously tested the resilience of our societies and economies amid the pandemic.

Russia's illegal aggression against Ukraine has opened the new page of history. Whilst Ukraine has shown its remarkable resilience, the EU and our partners including South Korea stand for Ukraine.

We are staying the course of our triple strategy: supporting Ukraine, putting pressure on Russia with sanctions, and helping the rest of the world cope with the fallout.

We are also living in a world defined by tense US-China strategic competition. Amid the US-China technological struggle, micro-chips have become the next ground for a battle. And indeed South Korea is well placed to feel the consequences. We are equally threatened by the weaponisation of inter-dependence. Access to critical raw materials is likely to become another source of global tension, as many of us depend highly on China.

But the most important challenge is the impending threat to our environment, which is just ahead of all of us. To meet this challenge, we are driving the net zero transformation. This will tremendously change the way we work, and radically shape our industry. The next decades will see the greatest industrial transformation of our times. And those who develop and manufacture the technology that will be the foundation of tomorrow's economy, will have the greatest competitive edge.

With all these challenges, nevertheless, the EU-South Korea economic relationship continues on the path of steady growth. The EU-Korea FTA – which entered into force in 2011 – remains a solid bedrock. Total bilateral trade in goods in 2022 amounted to 132 billion euros, representing about 10% of Korea's total trade. In 2022, the EU was Korea's 3rd largest trade partner, and Korea was the EU's 9th largest partner right behind Japan and ahead of India. Bilateral trade in services, reaching more than 21 billion euros, soared by 97.5% in 2021 from 2011 – when the FTA had started to be implemented. In 2021, the EU remained the largest source of FDI stock in Korea (26.7% of total FDI stock) before Japan and the US, and Korea also became an increasingly important investment partner in the EU.

We have a rich bilateral agenda with Korea in 2023. We will celebrate the 60th anniversary of the establishment of diplomatic relations. We will also have the Presidents of the European Council and the Commission in Seoul in May for a Summit with President Yoon. In the digital field, we just signed the EU-Korea digital partnership, ready to move to the implementation phase with concrete deliverables, including on digital trade. Also, the EU and Korea will soon sign a Green Partnership, in which both sides reaffirm their strong commitment to green growth and enhanced efforts to achieve their respective 2030 targets, as well as net-zero greenhouse gas (GHG) emissions by 2050.

We can overcome enormous challenges ahead of us “together”. Let us continue to work jointly on a path towards a green and digital transition in a more open, sustainable and assertive way, so as to create more opportunities for businesses. Let us also stand strong and united in the face of any threats to our shared values, international rule-based order and the prosperity of all our citizens.



## OVERVIEW

Accounting for around 16% of global trade in goods, the EU is the largest exporter and importer of goods and services worldwide<sup>1</sup>. The EU is the top trading partner for 80 countries, and the one where trade accounts for the largest share of its economy among the large economies. The EU ranks first in both inbound and outbound international investments. In recent years, the EU has further developed its leading position in international trade, with its ability to put in place new free trade agreements with emerging and developed countries.

Following its annual growth by 5.3% in 2021, the EU economy continued to expand by 3.5% in 2022, and is forecasted to increase by 0.8% in 2023 and 1.6% in 2024. With continued diversification of supply sources and a sharp drop in consumption, wholesale gas prices have fallen well below pre-war levels. The EU labour market continued to perform strongly, with the unemployment rate remaining at its all-time low of 6.1% until the end of 2022. While confidence is improving, however, inflationary pressures persist in early 2023 and monetary tightening is set to continue, hence weighing on business activity<sup>2</sup>.

South Korea is one of the most dynamic economies in the world. With a GDP<sup>3</sup> of 1.81 trillion USD (2021), the country ranked the 10th largest economy in the world and the 4th largest economy in Asia. South Korea's total trade represented 80% of the country's GDP, and its exports of goods and services accounted for 42% of the GDP<sup>4</sup>. As of 2022, Korea had 21 FTAs with 59 countries, covering 85% of global GDP<sup>5</sup>.

South Korea posted its annual economic growth of 2.6% in 2022, after registering an impressive GDP growth of 4.0% in 2021 thanks to record exports and expanded government spending. The Korean economy is predicted to grow by 1.7% in 2023, and by 2.6% in 2024<sup>6</sup>. The consumer price inflation for 2022 was 5.1%, and it is expected to reach 3-4% in 2023<sup>7</sup>. The annual unemployment rate stood at 2.9% in 2022, falling from 3.7% in 2021. Notably, South Korea marked a record high trade deficit in 2022 vis-

à-vis the rest of the world of USD 47.8 billion, with the rapidly rising energy prices.

In 2022, South Korea's total exports increased by 6.1% year on year to 683.6 billion USD. China remained South Korea's largest export partner, accounting for 22.8% of total exports, ahead of the US (16.1%), the EU (10.0%), Vietnam (8.9%), Japan (4.5%), Hong Kong (4.0%), and Taiwan (3.8%). South Korea's imports also grew by 18.9% to 731.4 billion USD in 2022. Major sources of imports to South Korea were China (21.1%), the US (11.2%), the EU (9.3%), and Japan (7.5%)<sup>8</sup>.

Since entry into force of the EU-South Korea Free Trade Agreement (FTA) on July 1, 2011, bilateral trade and investment have remarkably expanded. EU-Korea trade in goods in 2022 amounted to 131.8 billion euros in 2022, up 23% year on year, and up by 110% from 2011 when the FTA had started to take effect. The EU remained South Korea's 3rd largest trade partner in goods, behind China and the US.

Bilateral trade in services equally soared by 97.5% in 2021 (latest data available from Eurostat) from 2011, amounting to 21.4 billion euros. In 2021 (latest data available from the Bank of Korea), EU27 remained the largest source of FDI stock in South Korea (26.7% of total FDI stock), ahead of Japan (22.4%) and the US (14.6%)<sup>9</sup>.

The FTA has served to create an expanded and secure market for goods and services as well as a stable and predictable environment for investment, thereby contributing greatly to strengthening and deepening the bilateral trade and investment relationship.

1) Source: DG Trade, European Commission

2) Source: Winter 2023 Economic Forecast published on 13 February 2023.

3) Source: Bank of Korea (2021)

4) Source: World Bank (2021)

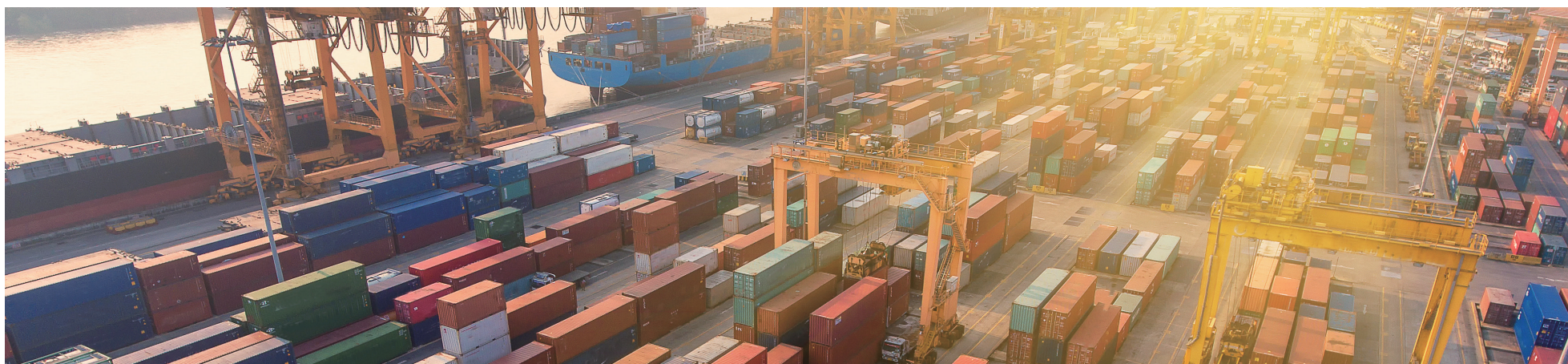
5) Source: The Korean Ministry of Trade, Industry and Energy (MoTIE)

6) Source: IMF economic forecast published on January/31/2023

7) Source: Bank of Korea

8) Source: KITA

9) Source: Bank of Korea (preliminary)



## 1. EU27-SOUTH KOREA TRADE IN GOODS

The EU-South Korea FTA was the first of a series of ‘new-generation FTAs’ negotiated by the EU. It remains without any doubt one of the most ambitious and comprehensive trade deals put in place by the EU. It provided a benchmark for the EU’s later FTAs, including the EU-Canada Comprehensive Economic Trade Agreement (CETA), the EU-Japan Economic Partnership Agreement (EPA), the EU-Singapore FTA and the EU-Vietnam FTA.

The EU-South Korea FTA has provided an outstanding result, since it took effect in July 2011. Thanks to trade liberalisation, bilateral trade flows have significantly increased, boosting competitiveness of companies and providing a wider, cheaper choice to consumers both in South Korea and in Europe.

Bilateral trade in goods between the EU and South Korea has been constantly growing, with the average annual growth of 7.3% over the past decade. Based on Eurostat data, it reached 131.8 billion euros in 2022, up by 23% year on year. EU imports from South Korea amounted to 71.7 billion euros (+29.2% year-on-year), and EU exports to South Korea posted 60.1 billion euros (+16% year-on-year).

In 2022, South Korea was the EU’s 8th largest supplier for imports (i.e. accounting for 2.4% of total EU imports) and also the 8th largest export market (2.4% of total EU exports). In the same year, the EU was South Korea’s 3rd largest source of imports (9.3% of total imports) and the 3rd largest destination of exports (10% of total exports).

The shares of the EU imports from and exports to South Korea have been growing significantly since the FTA entered into force in 2011: total bilateral trade in goods grew 110% in 2022 as compared to 2011; and over the same period, EU imports from South Korea increased 117% and EU exports to South Korea soared 103%.

In terms of trade balance, the EU’s long-held trade deficit with Korea turned into a surplus from 2013 until 2016. In 2017, South Korea obtained again a trade surplus due to a substantial year-on-year increase of EU imports from South Korea of 27% amid the economic recovery in the EU, and continued to record its trade surplus until 2019. In 2020, EU27 posted a bilateral trade surplus with South Korea amounting to 1,092 million euros, but in 2021, EU trade balance with South Korea turned again into a deficit worth 3,664 million euros; and in 2022, the EU registered a record trade deficit with Korea worth 11.6 billion euros, based on Eurostat data.

### 2011-2022 EU27 TRADE IN GOODS WITH SOUTH KOREA (million €)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>EU27 imports from South Korea</b>											
33,095	33,310	31,620	33,114	35,576	34,648	44,036	46,056	47,448	44,218	55,498	71,709
<b>EU27 exports to South Korea</b>											
29,684	32,300	34,334	38,126	41,383	38,801	43,508	43,749	43,369	45,310	51,835	60,120
<b>EU27 trade balance with South Korea</b>											
-3,412	-1,010	2,714	5,012	5,807	4,153	-527	-2,307	-4,079	1,092	-3,664	-11,589

Source: Eurostat

### 2022 EU27 TRADE IN GOODS WITH MAIN TRADE PARTNERS (million €)

	Total EU Trade with...	million euro	share (%)	EU Imports from...	million euro	share (%)	EU Exports to...	million euro	share (%)
	<b>Extra EU27</b>	<b>5,550,392</b>	<b>100</b>	<b>Extra EU27</b>	<b>2,993,091</b>	<b>100</b>	<b>Extra EU27</b>	<b>2,557,302</b>	<b>100</b>
1	USA	867,738	15.6	China	626,006	20.9	USA	509,320	19.9
2	China	856,331	15.4	USA	358,418	12.0	UK	313,898	12.3
3	UK	522,420	9.4	UK	208,522	7.0	China	230,325	9.0
4	Switzerland	333,212	6.0	Russia	203,378	6.8	Switzerland	188,027	7.4
5	Russia	258,560	4.7	Norway	160,726	5.4	Türkiye	99,586	3.9
6	Norway	228,451	4.1	Switzerland	145,186	4.9	Japan	71,576	2.8
7	Türkiye	198,138	3.6	Türkiye	98,552	3.3	Norway	67,725	2.6
8	Japan	141,257	2.5	<b>South Korea</b>	<b>71,709</b>	<b>2.4</b>	<b>South Korea</b>	<b>60,120</b>	<b>2.4</b>
9	<b>South Korea</b>	<b>131,829</b>	<b>2.4</b>	Japan	69,681	2.3	Russia	55,182	2.2
10	India	115,100	2.1	India	67,441	2.3	Mexico	49,758	1.9

Source: Eurostat

### 2022 SOUTH KOREA TRADE IN GOODS WITH MAIN TRADE PARTNERS (million USD)

	Total Korea Trade with...	million euro	share (%)	Korea Imports from...	million euro	share (%)	Korea Exports to...	million euro	share (%)
	<b>World</b>	<b>1,414,955</b>	<b>100</b>	<b>World</b>	<b>731,370</b>	<b>100</b>	<b>World</b>	<b>683,585</b>	<b>100</b>
1	China	310,365	21.9	China	154,576	21.1	China	155,789	22.8
2	USA	191,551	13.5	USA	81,785	11.2	USA	109,766	16.1
3	<b>EU27</b>	<b>136,263</b>	<b>9.6</b>	<b>EU27</b>	<b>68,192</b>	<b>9.3</b>	<b>EU27</b>	<b>68,071</b>	<b>10.0</b>
4	Vietnam	87,689	6.2	Japan	54,712	7.5	Vietnam	60,964	8.9
5	Japan	85,318	6.0	Australia	44,929	6.1	Japan	30,606	4.5
6	Australia	63,682	4.5	Saudi Arabia	41,640	5.7	Hong Kong	27,651	4.0
7	Taiwan	54,473	3.8	Taiwan	28,275	3.9	Taiwan	26,198	3.8
8	Saudi Arabia	46,505	3.3	Vietnam	26,725	3.7	Singapore	20,205	3.0
9	Singapore	30,553	2.2	Qatar	16,567	2.3	India	18,870	2.8
10	Hong Kong	29,529	2.1	Indonesia	15,735	2.2	Australia	18,753	2.7

Source: KITA

Bilateral trade between the EU and South Korea remains highly concentrated in the industrial sectors that represented 96% of total bilateral trade in goods in 2022, including machinery and appliances (32.8%), transport equipment (18.2%), and chemicals (16.2%). Bilateral trade of agricultural products gradually increased over the past decade, accounting for 3.8% of all products in 2022. The share of EU agricultural exports in the total of EU exports to Korea grew from 4.9% in 2012 to 7.7% in 2022.

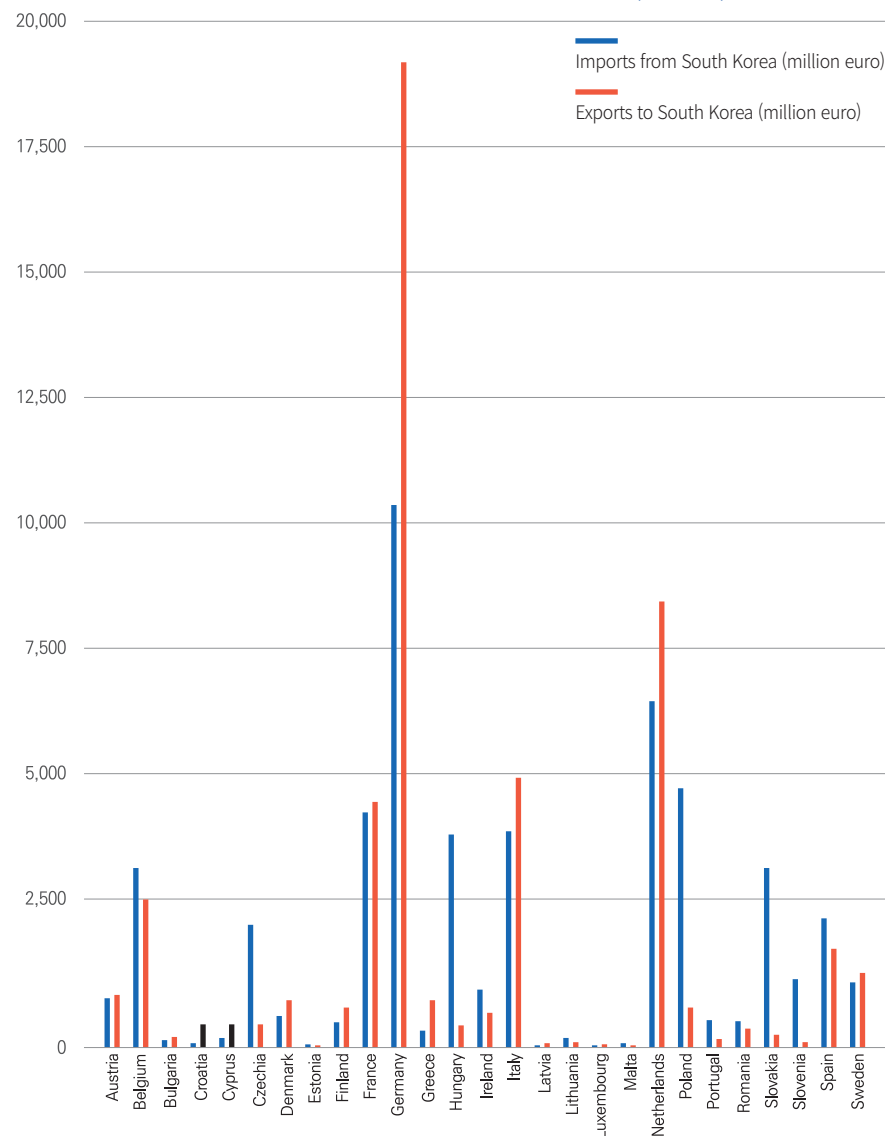
## 2012-2022 EU27 MERCHANDISE TRADE BY PRODUCT CATEGORY (million €)

product category	2021	2022	Product category share in total EU27 trade with South Korea 2011-2016-2021										
			2011	2016	2021	2011	2016	2021	2011	2016	2021		
	<b>EU trade balance</b>		<b>Share of EU27 imports</b>			<b>Share of EU27 exports</b>				<b>Share of EU27 imports + exports</b>			
Total Goods	-3,664	-11,589	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Agricultural products (definition WTO UR AoA)</b>	<b>3,670</b>	<b>4,258</b>	<b>0.2%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>4.9%</b>	<b>6.1%</b>	<b>7.7%</b>	<b>2.5%</b>	<b>3.2%</b>	<b>3.8%</b>		
Non-agricultural products	-7,333	-15,848	99.8%	99.6%	99.5%	95.1%	93.9%	92.3%	97.5%	96.8%	96.2%		
Fishery products	-10	14	0.2%	0.3%	0.2%	0.1%	0.3%	0.3%	0.2%	0.3%	0.3%		
<b>Industrial products</b>	<b>-7,324</b>	<b>-15,861</b>	<b>99.5%</b>	<b>99.3%</b>	<b>99.3%</b>	<b>95.0%</b>	<b>93.6%</b>	<b>92.0%</b>	<b>97.3%</b>	<b>96.5%</b>	<b>96.0%</b>		
<b>HS section</b>	<b>EU trade balance</b>		<b>EU27 imports</b>			<b>EU27 exports</b>			<b>EU27 imports + exports</b>				
① Live animals; animal products	1,469	1,845	0.2%	0.3%	0.2%	1.9%	2.8%	3.3%	1.0%	1.5%	1.6%		
② Vegetable products	608	526	0.1%	0.1%	0.1%	0.7%	0.6%	1.0%	0.4%	0.3%	0.5%		
③ Animal or vegetable fats and oils	189	261	0.0%	0.0%	0.0%	0.3%	0.3%	0.4%	0.1%	0.1%	0.2%		
④ Foodstuffs, beverages, tobacco	1,236	1,429	0.2%	0.3%	0.4%	1.8%	2.4%	2.9%	1.0%	1.4%	1.6%		
⑤ Mineral products	76	-1,965	4.3%	2.3%	4.3%	2.8%	1.8%	1.8%	3.6%	2.0%	3.2%		
<b>⑥ Products of the chemical or allied industries</b>	<b>473</b>	<b>-817</b>	<b>3.0%</b>	<b>12.3%</b>	<b>15.5%</b>	<b>14.4%</b>	<b>13.4%</b>	<b>17.1%</b>	<b>8.6%</b>	<b>12.9%</b>	<b>16.2%</b>		
⑦ Plastics, rubber and articles thereof	-3,556	-5,164	7.0%	9.0%	9.7%	3.3%	3.5%	3.0%	5.1%	6.3%	6.6%		
⑧ Raw hides and skins, and saddlery	1,302	1,647	0.2%	0.2%	0.1%	2.0%	2.1%	2.8%	1.1%	1.1%	1.3%		
⑨ Wood, charcoal and cork and articles thereof	355	320	0.0%	0.0%	0.0%	0.4%	0.7%	0.5%	0.2%	0.4%	0.3%		
⑩ Pulp of wood, paper and paperboard	265	245	0.3%	0.2%	0.2%	0.9%	0.8%	0.6%	0.6%	0.5%	0.4%		
⑪ Textiles and textile articles	459	628	2.7%	2.4%	1.8%	2.1%	2.4%	3.2%	2.4%	2.4%	2.4%		
⑫ Footwear, hats and other headgear	343	403	0.1%	0.1%	0.1%	0.4%	0.7%	0.8%	0.2%	0.4%	0.4%		
⑬ Articles of stone, glass and ceramics	301	344	0.5%	0.4%	0.4%	0.9%	1.0%	1.0%	0.7%	0.7%	0.7%		
⑭ Pearls, precious metals and articles thereof	810	582	0.3%	0.2%	0.5%	0.5%	0.5%	1.5%	0.4%	0.4%	1.0%		
⑮ Base metals and articles thereof	-2,870	-4,914	7.4%	9.3%	9.8%	8.1%	4.3%	3.5%	7.7%	6.8%	6.9%		
<b>⑯ Machinery and appliances</b>	<b>-4,227</b>	<b>-7,576</b>	<b>36.7%</b>	<b>34.4%</b>	<b>35.4%</b>	<b>36.5%</b>	<b>32.1%</b>	<b>29.7%</b>	<b>36.6%</b>	<b>33.2%</b>	<b>32.8%</b>		
<b>⑰ Transport equipment</b>	<b>-2,398</b>	<b>-1,411</b>	<b>26.4%</b>	<b>23.9%</b>	<b>17.7%</b>	<b>13.3%</b>	<b>19.8%</b>	<b>18.8%</b>	<b>20.0%</b>	<b>21.8%</b>	<b>18.2%</b>		
⑱ Optical and photographic instruments, etc.	1,597	1,806	9.0%	3.4%	2.5%	6.3%	7.7%	6.0%	7.7%	5.5%	4.1%		
⑲ Arms and ammunition	-46	-184	0.0%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%		
⑳ Miscellaneous manufactured articles	336	372	0.7%	0.6%	0.3%	1.0%	1.1%	1.0%	0.9%	0.8%	0.6%		
㉑ Works of art and antiques	38	71	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%		
Other	-423	-39	0.8%	0.6%	0.8%	2.4%	2.0%	0.9%	1.6%	1.3%	0.9%		

Source: Eurostat

Among 27 EU Member States, Germany was the largest trade partner of South Korea in 2021 (latest available data from Eurostat), accounting for 27.9% of EU27 total trade with South Korea, ahead of the Netherlands (14.5%), Italy (8.9%), and France (8.8%), and Hungary (4.3%).

## 2021 EU27-SOUTH KOREA BILATERAL TRADE BY EU MEMBER STATE (million €)



Source: Eurostat (The latest figures on EU bilateral trade with South Korea by Member States in March 2023)



## 2. EU27-SOUTH KOREA TRADE IN SERVICES

The services sector is the fastest-growing sector of the global economy, as a result of the development of information and communication technologies. The services sector contributes more to economic growth and job-creation in the EU than any other sectors. It accounts for some three-quarters of the gross domestic product for the EU, and over three-quarters of EU jobs. In terms of trade in services, the EU is the world leader. In 2021 (latest available data from Eurostat), the EU's trade in services with the rest of the world amounted to 2,012 billion euros, up by 10% year on year<sup>10</sup>.

The FTA between the EU and South Korea has had a very positive impact on trade in services. The growth of bilateral trade in goods and investment has resulted in increased demand for specialised cross-border services and the expansion of trade in services. The impressive growth in export of services in both directions indicates that specialisation is occurring within the service industries leading to economic gains. Economies of scale and innovation are important elements of greater trade in services for both parties.

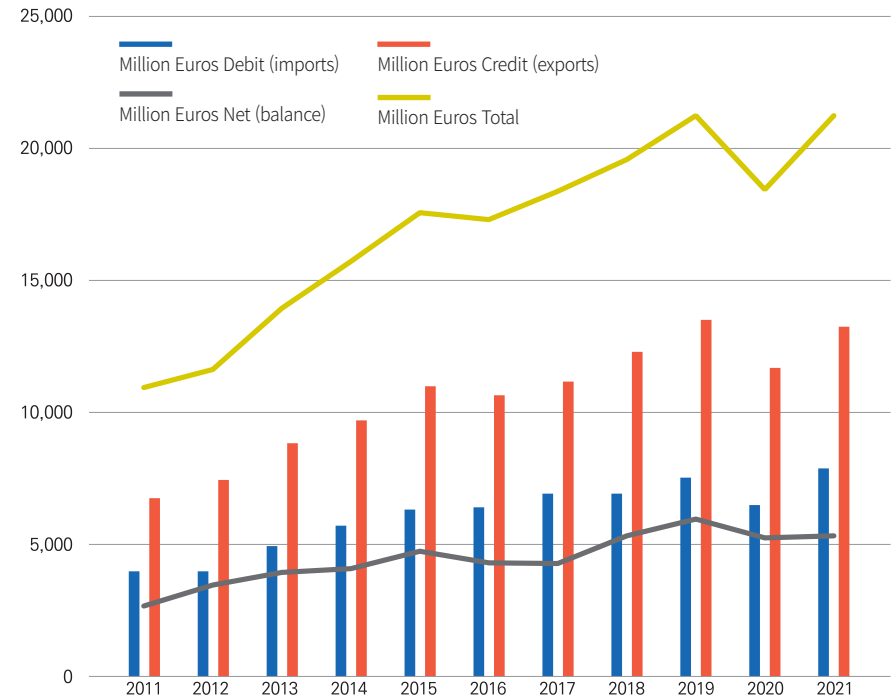
Total bilateral trade in services registered a remarkable growth by 97.5% in 2021 compared to 2011: EU exports (credit) to South Korea soared 96.9%; and EU imports (debit) from South Korea equally grew 98.4%. EU-South Korea bilateral trade in services registered a higher growth over this period than the EU's total trade in services with the rest of the world (i.e. which grew by 79.4%). Notably during this period, EU exports to South Korea posted an average annual growth of 7%. On a year-on-year basis, both EU exports to and imports from South Korea in 2021 increased respectively by 13% and by 22%. The EU recorded with South Korea a surplus in trade in services of 5.4 billion euros in 2021.

In the years to come, market conditions are expected to further improve thanks to liberalization, deregulation and re-regulation processes as both South Korea and the EU are moving toward gradual liberalization to spur competition in the service sector.

10) Source: Eurostat



2011-2021 EU27-SOUTH KOREA TRADE IN SERVICES (million €)

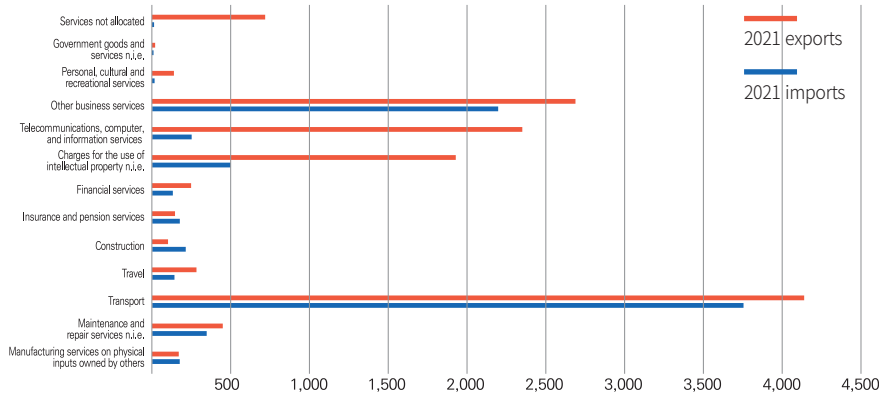


Year	Million Euro				Year-on-year growth %			
	Debit (imports)	Credit (exports)	Net (balance)	Total	Debit (imports)	Credit (exports)	Net (balance)	Total
2011	4,013	6,804	2,791	10,818	-9%	4%	30%	-1%
2012	4,009	7,552	3,543	11,562	0%	11%	27%	7%
2013	4,962	8,888	3,925	13,850	24%	18%	11%	20%
2014	5,775	9,854	4,079	15,629	16%	11%	4%	13%
2015	6,352	11,157	4,804	17,509	10%	13%	18%	12%
2016	6,502	10,780	4,278	17,282	2%	-3%	-11%	-1%
2017	7,027	11,320	4,294	18,347	8%	5%	0%	6%
2018	7,020	12,421	5,401	19,441	0%	10%	26%	6%
2019	7,650	13,652	6,002	21,301	9%	10%	11%	10%
2020	6,516	11,823	5,307	18,339	-15%	-13%	-12%	-14%
2021	7,963	13,398	5,435	21,361	22%	13%	2%	16%

Source: Eurostat

In 2021, the EU-South Korea trade in services remained concentrated on a handful of sectors: transport (37.0%); telecommunications, computer and information services (12.2%); and royalties and license fees (11.4%).

2021 EU-SOUTH KOREA TRADE IN SERVICES BY SECTOR (million €)



2017-2021 EU-SOUTH KOREA TRADE IN SERVICES BY SECTOR (million €)

Services	2017					2018					2019					2020					2021					
	Debits (Imports)					Credits (Exports)					Net (Balance)															
<b>Total</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	<b>7,027</b>	
Manufacturing services on physical inputs owned by others	118	153	116	128	178	197	211	298	238	171	78	58	182	110	-6											
Maintenance and repair services n.i.e.	227	259	290	302	350	240	330	328	333	450	14	71	38	31	100											
Transport	2,249	2,465	2,458	2,674	3,756	2,674	2,639	2,833	2,414	4,139	425	173	375	-261	382											
Travel	272	268	403	70	144	1,353	1,320	1,378	450	284	1,081	1,052	975	380	140											
Construction	421	79	97	167	217	121	56	82	103	103	-300	-23	-15	-64	-114											
Insurance and pension services	107	122	200	185	179	-101	83	163	248	146	-208	-39	-37	62	-33											
Financial services	106	83	79	102	134	202	214	246	244	250	96	131	166	142	115											
Charges for the use of intellectual property n.i.e.	465	482	593	462	502	2,574	2,495	2,443	2,158	1,930	2,109	2,012	1,851	1,696	1,429											
Telecommunications, computer, and information services	204	544	735	251	254	904	1,754	2,182	2,352	2,352	700	1,210	1,448	2,101	2,099											
Other business services	2,821	2,485	2,642	2,130	2,200	2,546	2,737	2,858	2,553	2,689	-274	252	216	424	489											
Personal, cultural and recreational services	9	58	13	20	20	113	180	144	127	142	104	122	131	107	122											
Government goods and services n.i.e.	13	15	16	14	13	19	20	26	24	23	6	5	10	10	9											
Services not allocated	15	6	9	11	16	478	382	671	580	720	464	375	662	569	704											

Source: Eurostat (last update on 9 February 2023)

By EU Member States, Germany was the largest trade partner of South Korea in 2021, representing 29.3% of total bilateral trade in services (i.e. 21.7% of total exports and 42.2% of total imports of the EU), followed by Ireland (21.0% of total exports and 2.8% of total imports), France (15.0% of total exports and 8.5% of total imports), the Netherlands (8.5% of total exports and 7.5% of total imports), and Denmark (9.0% of total exports and 4.4% of total imports).

2017-2021 EU-SOUTH KOREA TRADE IN SERVICES BY MEMBER STATE (million €)

	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
	Debits (Imports)					Credits (Exports)				
	<b>7,027</b>	<b>7,020</b>	<b>7,650</b>	<b>6,516</b>	<b>7,963</b>	<b>11,320</b>	<b>12,421</b>	<b>13,652</b>	<b>11,823</b>	<b>13,398</b>
Austria	77	93	81	75	85	131	171	207	143	118
Belgium	122	151	139	177	378	263	238	292	250	233
Bulgaria	4	3	2	2	2	11	11	11	6	7
Croatia	5	6	6	3	7	45	43	47	9	11
Cyprus	6	6	7	4	4	6	6	4	5	5
Czech Republic	387	372	371	361	334	149	159	166	72	54
Germany		2,390			3,359		2,837			2,909
Denmark	290	346	318	322	348	681	721	808	736	1,200
Estonia	4	6	6	7	10	23	20	14	4	10
Greece	39	46	68	59	53	242	272	267	217	413
Spain			199	119	140	604	604	606	268	191
Finland	75	87	82	62	79	913	857	1,136	636	758
France	1,261	812	874	729	676	1,572	1,787	2,023	1,622	2,004
Hungary	136	108	117	116	171	337	282	176	151	143
Ireland	115	140	219	224	225	911	1,797	2,164	2,742	2,815
Italy	171	229	203	234	275	238	242	298	197	210
Lithuania	2	3	3	4	3	25	2	4	2	5
Luxembourg	24	20	56	44	41	162	178	228	215	258
Latvia	9	9	9	7	10	2	1	2	1	1
Malta	3	3			3		11			5
Netherlands	899	1,187	1,401	668	593	1,183	1,163	1,155	1,261	1,135
Poland	92	116	163	197	273	274	317	327	240	297
Portugal	65	77	78	58	106	51	59	76	29	15
Romania	22	11	17	15	23	15	19	21	22	30
Sweden	150	140	173	161	311	524	508	588	531	485
Slovenia	7	8	7	7	10	85	84	79	56	64
Slovakia	406	437	438	368		34	31	33	18	

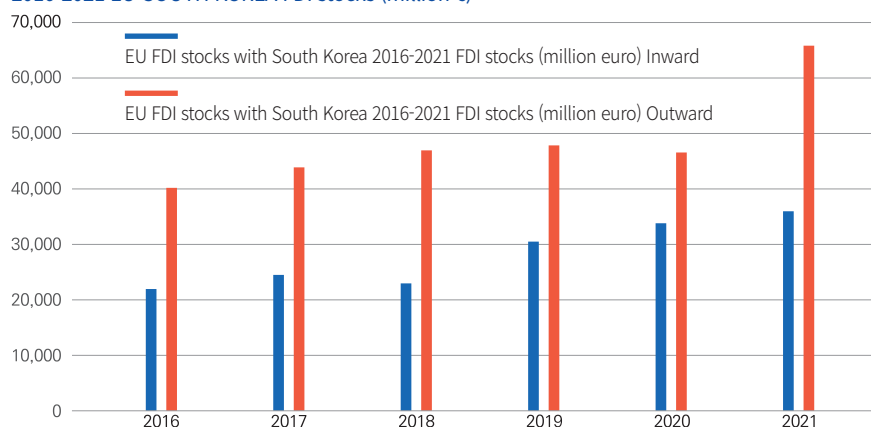
Source: Eurostat (Due to confidentiality provisions the sum of Member States doesn't add up to the EU total)

### 3. EU-SOUTH KOREA FOREIGN DIRECT INVESTMENT (FDI)

The EU27 is by far the largest source of FDI stock in South Korea (26.7% of total FDI stock), ahead of Japan (22.4%) and the US (14.6%) (c.f. China's FDI stock represented 6.0%)<sup>11)</sup>.

In 2021, the EU's FDI stock in South Korea increased by 41% from the previous year, reaching 66 billion euros. South Korea's FDI in the EU expanded by 12% year on year in 2021, reaching 36 billion euros. Meanwhile, recent years have witnessed a slowing of EU FDI flows to the RoK, and an acceleration of RoK FDI flows to the EU.

#### 2016-2021 EU-SOUTH KOREA FDI stocks (million €)



#### 2016-2021 EU's FDI with South Korea (million €)

Year	Million Euro				Year-on-year growth %			
	Stocks		Flows		Stocks		Flows	
	Inward	Outward	Inward	Outward	Inward	Outward	Inward	Outward
2016	22,086	40,280	1,388	2,406	3%	12%	-45%	180%
2017	24,582	44,017	1,760	-	11%	9%	27%	-
2018	23,106	47,088	2,711	2,139	-6%	7%	54%	-
2019	30,646	48,001	5,624	-6081	33%	2%	107%	-384%
2020	33,904	46,647	3,771	-40	11%	-3%	-33%	99%
2021	36,036	65,923	2,211	-3,266	6%	41%	-41%	-8065%

Source: Eurostat

11) Source: BoK (preliminary)

Among EU Member States, in 2021, the Netherlands was the largest investor in South Korea, accounting for 28.9% of the EU's total FDI stock in South Korea, followed by Germany (14.7%) and France (7.7%). The large volume of FDI from Netherlands to South Korea can be explained by the fact that many financial investment from Europe is done by Dutch registered entities and the corporate tax regime is favorable for such investments.

Equally in 2021, the Netherlands was the top destination for South Korean FDI in the EU (15.9% of total stock), followed by Hungary (13.4%), Poland (11.2%), Czech Republic (10.7%), and Slovakia (9.9%).

#### 2020-2021 EU-SOUTH KOREA FDI BY MEMBER STATE (million €)

EU 27 Member States	Outward FDI stock		Inward FDI stock		Outward FDI flow		Inward FDI flow	
	2020	2021	2020	2021	2020	2021	2020	2021
<b>EU 27 total</b>	46,647.4	65,923.4	33,903.8	36,035.6	-39.9	-3,265.7	3,771.4	2,210.6
Austria	:	:	:	:	:	:	:	:
Belgium	783.0	:	1,646.0	1,453.0	-60.0	:	:	-232.0
Bulgaria	3.1	3.1	68.9	72.1	0.0	0.0	-18.5	2.5
Croatia	0.0	0.0	13.5	0.0	0.0	0.0	1.9	-0.4
Cyprus	0.5	0.9	11.2	11.5	:	:	5.0	0.3
Czechia	:	1.8	3,311.3	3,838.3	:	:	86.7	272.2
Denmark	350.4	467.6	4.6	6.9	5.2	67.6	-2.7	1.5
Estonia	10.3	10.7	1.7	2.1	:	:	1.4	0.3
Finland	230.0	191.0	5.0	:	-222.0	-91.0	:	:
France	3,896.0	5,068.0	1,279.0	1,802.0	10.0	96.0	-118.0	597.0
Germany	9,801.0	9,720.0	:	:	676.0	72.0	807.0	-265.0
Greece	0.1	0.0	15.9	16.3	0.9	1.1	0.5	1.0
Hungary	2,155.5	:	3,706.5	4,825.3	-233.0	-455.5	837.1	1,120.2
Ireland	611.0	1,087.0	104.0	98.0	-229.0	:	102.0	5.0
Italy	1,780.0	1,720.9	974.2	850.2	123.5	-19.3	313.3	-168.2
Latvia	:	1.0	23.0	8.0	:	0.0	:	-15.0
Lithuania	:	:	0.2	-1.2	:	:	-0.3	-1.2
Luxembourg	3,069.0	4,745.0	790.0	601.0	-330.0	-285.0	137.0	-213.0
Malta	:	0.0	:	:	:	0.0	:	:
Netherlands	20,144.0	19,047.0	6,813.0	5,746.0	338.0	-1,660.0	942.0	-127.0
Poland	-18.0	-29.8	3,269.1	4,022.9	-7.0	-2.0	232.5	811.8
Portugal	-4.4	-4.3	190.6	247.7	-1.1	0.1	16.6	57.0
Romania	:	:	48.3	69.1	:	:	:	4.7
Slovakia	:	0.0	3,204.5	3,580.7	:	:	181.9	319.2
Slovenia	8.3	9.7	4.1	2.1	5.2	1.4	-1.7	-2.0
Spain	622.0	612.0	1,289.0	1,250.0	-48.0	-8.0	84.0	-42.0
Sweden	2,087.6	1,548.0	:	391.6	-64.5	-130.1	22.4	34.8

Source: Eurostat





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