

European Commission
Trade



The EU-Korea Free Trade Agreement in practice

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Foreword



On 1 July 2011, the EU-Korea Free Trade Agreement (FTA) entered into force, marking the beginning of a new era in EU-Korea trade relations. This brought to an end a process that began five years ago with the Commission's Communication on 'Global Europe in a Competing World' which called for the EU to renew its engagement in Asia. The EU-Korea FTA is only the first agreement in a series we are negotiating with Asian partner countries, but it is an example of how two partners can work together to achieve a deal that brings significant benefits to the economies of both sides.

The EU-Korea FTA is the most ambitious trade agreement ever negotiated by the EU; it is also the EU's first trade deal with an Asian country. The Agreement is expected not only to boost bilateral trade and economic growth in both the EU and Korea, but also to have a wider impact in Asia and elsewhere by signalling the EU's openness to doing business with third countries and its commitment to free trade.

The Agreement is unprecedented both in its scope and in the speed at which trade barriers are to be removed. By the end of the transitional periods, virtually all import duties between the two economies will have been removed. Exporters and importers of all industrial products and almost all agricultural products will be able to trade without having to pay duties. Additionally, the FTA breaks new ground in tackling significant non-tariff barriers to trade, with a specific focus on the automotive, pharmaceuticals, medical devices and electronics sectors. The Agreement will also create new opportunities for market access in services and investments, and lead to major advances in areas such as intellectual property, government procurement and competition policy.

Despite the many positive and potentially beneficial features of this FTA, past experience suggests that continued attention will need to be paid to its implementation and to providing comprehensive information. Without this, it may be difficult to create the necessary awareness among stakeholders to allow them to fully exploit the opportunities provided by the FTA.

The Commission has therefore produced this brochure to address the issue and make the Agreement more attractive and accessible to European businesses. It is intended to serve as a user-friendly guide to the FTA, focusing on practical aspects, and I trust that it will assist better understanding of all aspects of the EU-Korea FTA.

Karel De Gucht

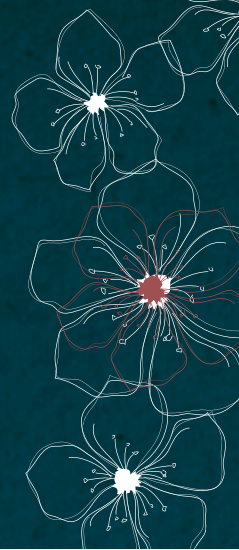
European Commissioner for Trade

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EU-KOREA FTA

What's in it for European companies?



The Free Trade Agreement between the EU and the Republic of Korea (EU-Korea FTA) is the first of a new generation of FTAs. The decision to launch negotiations on such FTAs with third countries is based on solid economic criteria with the objective of enhancing market access for European companies in the highly dynamic and competitive markets of Asia. These FTAs will also represent stepping stones for future liberalisation, tackling issues which are not yet ready for multilateral discussion and going beyond the market opening that can currently be achieved in the multilateral context.

Korea was designated a priority FTA partner for the EU in its trade policy strategy and negotiations were launched in May 2007 in Seoul. After eight formal rounds of talks, the FTA was initialled by both sides on 15 October 2009. On 16 September 2010 the Council approved the FTA and the Agreement was officially signed on 6 October 2010 during the EU-Korea Summit in Brussels. The European Parliament gave its consent to the FTA on 17 February 2011. The Agreement has been provisionally applied since 1 July 2011.

The EU-Korea FTA is the most comprehensive free trade agreement ever negotiated by the EU and the first with a partner country in Asia. Import duties are to be eliminated on nearly all products (98.7% of duties in terms of trade value will be eliminated within five years) and there is far-reaching liberalisation of trade in services (including in telecommunications, environmental services, shipping, financial and legal services) covering all modes of supply. The FTA is expected to create substantial new trade opportunities in goods and services (up to €19.1 billion, according to one study) as well as in investment. The additional market access provided by the FTA will further strengthen the position of EU suppliers in the Korean market.

The Agreement includes provisions on investment, both in services and industrial sectors and also covers important areas such as the protection of intellectual property rights (including geographical indications) and government procurement.

Moreover, specific commitments to eliminate and to prevent the emergence of non-tariff barriers to trade have been agreed in sectors such as automobiles, pharmaceuticals and electronics. For the EU automotive industry in particular, the FTA contains far-reaching provisions to address non-tariff barriers which have been perceived by EU industry as the most significant obstacles to export to Korea. In consumer electronics, Korea will consider many European standards as equivalent and recognise European certificates, thus eliminating red tape which has constituted a significant trade barrier. Finally, exporters of pharmaceuticals and medical devices will benefit from more transparency in pricing decisions, with detailed binding rules on the transparency of decisions on reimbursement and the option to have such pricing decisions reviewed by a court.

Although not analysed in detail in this brochure, the FTA includes a competition chapter, which prohibits and penalises certain practices which distort competition. Regulatory transparency and a new approach on trade and sustainable development are also features of the Agreement. Finally, a Protocol on Cultural Cooperation, which includes the commitment of both parties to promote cultural diversity in accordance with the UNESCO Convention, has also been incorporated.

The Agreement comprises 15 Chapters, several annexes and appendices, three protocols and four understandings. This brochure aims to provide a non-technical summary of each of the relevant elements of the Agreement, including the institutional structure that will oversee its implementation.

Tariff elimination for industrial and agricultural goods

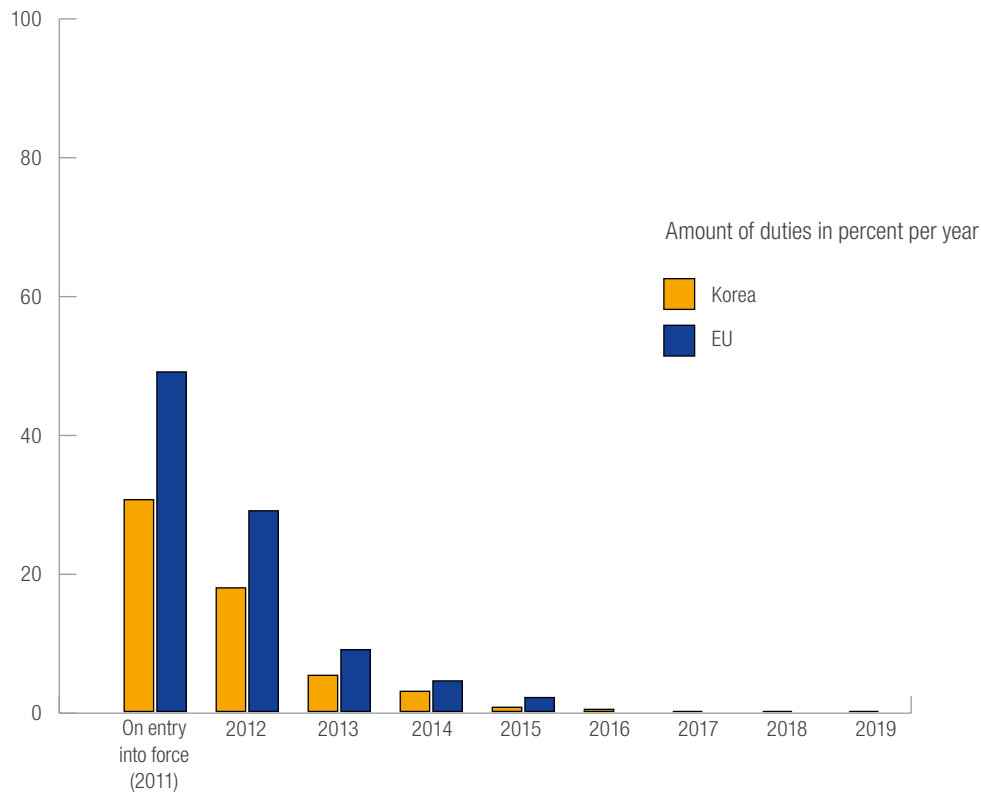
Under the EU-Korea FTA, EU industrial, fishery and agricultural products will face substantially reduced or zero tariffs on import to Korea. As from 1 July 2011, the phased reduction and elimination of import duties will lead to gradually increasing savings eventually totalling €1.6 billion annually. Already, in the first year of application of the Agreement, import duties saved are expected to reach €850 million.

The gains from duty savings will be even higher as trade between the EU and Korea is expected to expand due to the FTA. It is estimated that the FTA will create new trade in goods and services worth €19.1 billion for the EU and €12.8 billion for Korea.

Customs duties will be removed over a transitional period so that domestic producers can gradually adapt. Consumers will benefit from lower prices and exporters from strengthened competitiveness.

The majority of customs duties on goods were removed when the Agreement entered into force. Practically all customs duties on industrial goods will be fully removed within the first five years of application of the FTA¹. For both industrial and agricultural products, Korea and the EU will eliminate 98.7% of duties in trade value within five years of the entry into force of the FTA. For a limited number of highly sensitive agricultural and fisheries products the transitional periods will be longer than seven years. Rice and certain other agricultural products, of which the EU is not a significant exporter, are excluded from the Agreement.

Tariff reduction and elimination schedule



¹ See tariff schedule of Korea, p. 85-524 of the Agreement as published in OJ L127 of 14 May 2011.

Examples of benefits for EU exporters from tariff elimination/reduction

- Machinery and appliances represent the largest sector for duty saving, with gains close to € 450 million. 70 % (or € 312 million) of those duties were removed as of the date of entry into force of the Agreement. The chemical sector is the second largest beneficiary and will see relief of € 175 million worth of duties; € 143 million of duties have already been removed.
- Other industrial sectors will have lower absolute gains, but benefit from considerable duty relief from the outset: textile exports will see 93 % of duties wiped away immediately, glass 85 %, leather and fur 84 %, footwear 95 %, iron and steel 93 % and optical instruments 91 %.
- For the most sensitive industrial products, such as passenger cars with smaller engines, consumer electronics including TV sets, video recorders and LCD monitors, EU customs duties will only be fully liberalised five years after the entry into force of the Agreement. A number of other sensitive goods, including cars with large or medium-sized engines, have a three-year liberalisation period.
- European agricultural and processed food products have a very good reputation with Korean consumers and the EU has substantial agricultural exports to the Korean market. Average annual exports are above € 1 billion (pork € 240 million, whisk(e)y € 176 million and dairy products € 99 million).
- The FTA provides the biggest market liberalisation in years for EU agricultural exports. Before the Agreement, only 2 % of EU agricultural exports entered Korea duty-free. The FTA fully eliminates duties for nearly all EU agricultural exports: wine is duty-free from the start, whisk(e)y in year three, and there are valuable duty-free quotas for products like cheese from the outset. Certain EU pork exports will have duty-free access from year five, whereas for the most sensitive product (frozen pork belly) a ten-year transition period is foreseen.
- Duties on imports of EU agricultural products to Korea, for which Korean tariff rates are very high (35 % by weighted average) will fall by € 380 million annually. Consequently, the potential for expanding EU exports is considerable, allowing EU agricultural exporters to maintain and improve their competitive position in the Korean market.
- Without the Agreement, this position would be less strong, as Korea has concluded or is negotiating FTAs with strong agricultural exporters such as Chile, the USA, Canada, Australia and New Zealand. In addition, new market access opportunities are being created by eliminating duties on products not currently exported by EU farmers and producers (or only in small quantities) such as mandarins, apples and kiwi fruits.

The Agreement incorporates fundamental WTO rules on issues such as the prohibition of import and export restrictions. All export duties are prohibited as of the entry into force of the Agreement.

How is it possible to benefit from the tariff elimination?

It is in the nature of an FTA that only products originating in one of the parties can benefit from the preferences granted under the Agreement: rules of origin are an important aspect. The relevant provisions for trade between the EU and Korea are laid down in the Protocol on Rules of Origin.

The following conditions have to be met for goods exported from the EU to benefit from preferential treatment at the Korean border.

Goods must:

- 'originate' in the EU;
- fulfil certain additional requirements;
- be accompanied by an 'origin declaration'.

When does a product 'originate' in the EU or Korea?

There are two main scenarios for a product to be considered as 'originating' in the EU or Korea:

- It has been **wholly obtained** in the EU or Korea (cf. plants, animals born and raised, fish when caught in the territorial waters or beyond the 12-mile limit by a vessel considered as Korean or European), or
- It has been **sufficiently processed** in the EU or Korea. The criteria for determining 'sufficient processing' are described for each product in the product-specific rules:
 - *Change of tariff heading. E.g. a screw will be originating in the EU if it is made from imported materials of any other heading.*
 - *Value added. E.g. a car will be originating in the EU if no more than 45% of the value of the inputs has been imported from outside Korea or the EU to manufacture it.*
 - *Specific operations. E.g. apparel will originate in the EU if the spinning of the fibres and the knitting of the yarns have taken place there.*
 - *Combination of these different rules. The different rules have to be fulfilled alternatively or in combination. E.g. machine tools will originate in the EU if there is a change of tariff heading or if the machine tool does not include more than 45% of non-originating products.*

What additional conditions have to be fulfilled?

Certain additional criteria have to be met for a product to be considered as originating in the EU or in Korea:

- The different processing procedures normally have to be carried out either in the EU or in Korea, though EU producers can also use inputs originating in Korea (or vice versa) to help them comply with the rules. This is called cumulation.

E.g. yarns originating in Korea can be imported into the EU and considered as originating in the EU when further processed there beyond minimal operations.

- The processing which took place in either the EU or Korea has to go beyond minimal operations.

E.g. washing is an operation which will never be enough in itself to confer origin.

- Goods have to be transported directly from the EU to Korea (or vice versa). Nevertheless, goods in a single consignment can transit through another country, be transhipped or kept in a warehouse there and still be eligible for preferential treatment, if:

- *they are not released into free circulation in the country of transit or warehousing, and if*
- *they do not undergo any operations other than unloading, reloading or operations to preserve them in good condition.*

This may be relevant in cases where companies have a regional distribution centre outside Korea, e.g. in Singapore. In practice, for such goods to benefit from preferential treatment under the EU-Korea FTA, they have to be accompanied by a transport document which will prove their point of departure and the point of final destination, e.g. a separate bill of lading where Korea is indicated as the country of final destination. Otherwise, it would be necessary to obtain from the customs authorities in the third country (e.g. Singapore) an appropriate document stating, inter alia, the conditions under which the consignment was stored there and the types of operation which have been carried out on the goods. This document would then be examined by the Korean Customs Service, which would take the final decision as to whether or not to grant preferential treatment.



What is an 'origin declaration' and who can issue it?

Contrary to the situation in certain other FTAs, certificates of origin will not be issued by customs authorities and the EUR 1 form will not be accepted as a proof of origin. Instead, exporters will have to issue an 'origin declaration' themselves. However, in order to be entitled to do so, they will have to apply for the status of an **'approved exporter'** with their national customs authority, unless they export consignments of products whose total value does not exceed €6 000. In this case, there is no need for the exporter to be an 'approved exporter', as any exporter can make out the origin declaration. There is no limit on the number of consignments not exceeding €6 000 which can be exported.

An origin declaration has to be made out when the products to which it relates are exported, or after exportation, but no later than one year after importation into Korea and two years after importation into the EU.

A declaration of origin issued after exportation should be valid, provided that the exporter has the status of approved exporter at the time he makes the declaration, even if at the time of exportation he was not an approved exporter.

Origin declaration

The request for preferential treatment under the EU-Korea FTA is made on the basis of an 'origin declaration.' The following text (in one of the 23 EU languages or in Korean) is to be included by the exporter on an invoice, a delivery note or any commercial document which describes the products involved in sufficient detail to enable them to be identified:

The exporter of the products covered by this document (customs authorisation No ...) declares that, except where otherwise clearly indicated, these products are of ... preferential origin.

(Place and date)

(Signature of the exporter, in addition the name of the person signing the declaration has to be indicated in clear script)

In order to become an 'approved exporter', companies have to make an application to the customs authorities of the Member State where they are established and keep their records. The procedures for granting 'approved exporter' status depend on Member State national provisions. Their main point is to make sure that the company knows the rules applicable and that the customs authorities will be able to verify at any time the originating status of the products for which preferential treatment has been requested.

When an exporter has been approved by the customs authority, they will grant him an authorisation number which he must quote on the invoice declaration.

The customs authorities will carry out regular controls on authorised exporters. These controls must ensure continued compliance with the use of the authorisation and may be carried out at intervals determined, if possible, by risk analysis criteria. The Korean customs authorities are not allowed to come to the premises of

any EU approved exporters for control, except under very specific conditions and subject to the previous agreement by the authorities of the Member State where the control takes place. Such visits must always be in the presence of EU customs authorities.

Should the approved exporter be found to have abused or misused his authorisation, the customs authorities are entitled to withdraw it.

There are special transitional rules for goods which were either in transit, or in the EU or Korea in temporary storage, in customs warehouses or in free zones on the date of entry into force of the FTA, i.e. on 1 July 2011. Provided that such products meet the other requirements of the FTA, they can benefit from this preferential treatment of origin declaration so long as it is submitted to the customs authorities of the importing party before 1 July 2012.

What are the obligations of an approved exporter?

The approved exporter will have to:

- undertake to issue origin declarations only for goods for which they hold all the necessary proof or accounting elements at the time of issue;
- assume full responsibility for the way the authorisation is used, particularly for incorrect origin statements or other misuse of the authorisation;
- assume responsibility for ensuring the person in the undertaking responsible for completing origin declarations knows and understands the rules of origin;
- undertake to keep all documentary proof of origin for a period of at least five years from the date that the declaration or origin declaration was made;
- undertake to produce proof of origin to the customs authorities at any time, and allow inspections by those authorities at any time.

Tackling barriers to trade

Alongside tariffs, technical issues are the single most important barrier to international trade: technical regulations, standards, conformity assessment procedures and similar requirements can be a considerable burden for exporters.

The EU-Korea FTA contains a number of general commitments on technical barriers to trade, including cooperation on standards and regulatory issues, transparency and marking/labelling, that go beyond the obligations contained in the WTO Agreement on Technical Barriers to Trade.

Four sector-specific annexes, on consumer electronics, motor vehicles and parts, pharmaceutical products/medical devices and chemicals, contain specific commitments with considerable practical relevance.

Electrical and electronic equipment

Widespread use of international standards and flexible approval procedures are key elements for the electronics industry in making best use of global supply chains, economies of scale, and fast-paced innovation. The EU and Korea apply generally similar requirements, largely based on international standards. However, in the past, EU exporters of consumer electronics and household appliances to Korea were required to carry out duplicative and expensive testing and certification procedures in Korea to sell their products.



The electronics annex provides for an improved regulatory environment, in two ways:

- It highlights the **importance of international standards** in minimising divergence of requirements, and lists the relevant international standards bodies for this sector (ISO, IEC and ITU);
- It **eliminates third party certification**, in most cases, by establishing as a general rule the so-called 'supplier's declaration of conformity (SDoC)' as the means to prove compliance with the applicable Korean requirements regarding electromagnetic compatibility (EMC) and safety. If the SDoC has to be accompanied by test reports, such reports may be issued by an EU testing laboratory. Additional requirements, such as product registration, are not allowed.

With regard to electrical safety only, for a limited list of 53 items³ (covering around 15% of EU exports), Korea will have the option to continue requesting third party certification even after the transitional period, if it can objectively justify that allowing the product on its market based on SDoC would create risks for human health and safety.

The elimination of third party certification requirements implies a change in Korea's regulatory approach that will bring significant reductions in costs, complexity and administrative burden, allowing EU products exported to Korea to enjoy comparable treatment to that already in place for Korean products coming into the EU.

The following tables provide an overview of the procedures to be followed:

Radio Waves Act and Framework Act on Telecommunications (Korean body responsible: Radio Research Agency: www.ekcc.go.kr)				
When only electromagnetic compatibility (EMC) and electrical safety standards apply	When telecommunication standards apply in addition to EMC and electrical safety standards			
	'Annex 1' products ²		'Annex 2' products	'Annex 3' products
	For EMC/electrical safety standards	For telecommunication standards	For all standards	For all standards
Supplier's declaration of conformity based on a test report issued by a testing laboratory in the EU	Supplier's declaration of conformity based on a test report issued by a testing laboratory in the EU	Test report by a Korean testing body	Supplier's declaration of conformity based on a test report issued by a testing laboratory in the EU	Supplier's declaration of conformity

2 Annex 1", "Annex 2" and "Annex 3" refer to the tables annexed to Korea's Radio Research Agency's public notification n° 2011-02.

3 Chapter 2, Annex 2-B, Appendix 2-B-3, p 1139 of the Agreement as published in OJ L127 of 14 May 2011.

Electrical Appliances Safety Control Act
(Korean body responsible: Korean Agency for Technological Standards — KATS)

Electrical standards
(148 products: 53 + 62 + 33)

<p>53 products (see list in Appendix 2-B-3 of the FTA)</p> <p>http://trade.ec.europa.eu/doclib/docs/2009/october/tradoc_145149.pdf</p>	<p>62 products</p>		<p>33 products</p>	
<p>N.A.</p>	<p>During the 3-year transitional period</p>	<p>After the 3-year transitional period</p>	<p>From 1 July to 31 December 2011</p>	<p>After 1 January 2012</p>
<p>Certificate by a Korean conformity assessment body based on a test report issued by (1) an EU testing lab with voluntary arrangements with a Korean conformity assessment body(CAB) or (2) a CB (Certification Bodies) Test laboratory under the IECEE (IEC System for Conformity Testing and Certification of Electrical and Electronic Components, Equipment and Products) CB scheme.</p>	<p>Certificate by a Korean conformity assessment body based on a test report issued by (1) an EU testing lab with voluntary arrangements with a Korean CAB or (2) a CB Test laboratory under the IECEE CB scheme.</p>	<p>Supplier's declaration of conformity based on a test report issued by (1) an EU testing lab with voluntary arrangements with a Korean CAB or (2) a CB Test laboratory under the IECEE CB scheme.</p>	<p>Certificate by a Korean conformity assessment body based on a test report issued by (1) an EU testing lab with voluntary arrangements with a Korean CAB or (2) a CB Test laboratory under the IECEE CB scheme.</p>	<p>Supplier's declaration of conformity.</p>

Pharmaceutical products and medical devices

Pharmaceuticals products and medical devices are two of the EU's most important and competitive exporting industries, generating a yearly trade surplus of over €60 billion and employing more than one million workers in the EU. Non-tariff barriers, in particular pricing and reimbursement rules, are the primary obstacles for EU exporters to Korea. As in many EU Member States, it is the health authorities that set prices for drugs in Korea. However, the EU industry has had longstanding concerns about the transparency of the process and the potential for judicial recourse in the event of a negative decision.

The FTA addresses these concerns by introducing stronger transparency rules for Korea's regulatory system in general and, in particular, for its pricing and reimbursement rules and decisions.

The FTA also reinforces the importance of international standards and practices when developing legislation, and increases legal certainty by establishing a common definition for pharmaceutical products and medical devices in the EU and Korea. Finally, the Agreement enhances bilateral regulatory cooperation, through the establishment of a working group on pharmaceuticals and medical devices.

Transparency provisions for pharmaceutical products & medical devices, in Annex 2-D of the EU-Korea FTA

General

The parties should ensure that all rules are published or otherwise made available at an early stage, to enable economic operators to become acquainted with them.

The parties will, insofar as possible:

- Make rules available in advance;
- Provide reasonable opportunities for comments;
- Address in writing important issues raised in these comments;
- Allow a reasonable interval between publication and entry into force.

Pricing and reimbursement

The parties will ensure that:

- Procedures, rules, criteria and implementing guidelines are fair, transparent, reasonable and non-discriminatory;
- Criteria for decision-making are objective and clear, to aid understanding of the basis of the decision;
- All rules are made publicly available;
- Individual decisions are properly motivated.



Motor vehicles and parts

Non-tariff barriers in the motor vehicles sector are perceived by the EU industry as the most significant obstacles to exporting to Korea. To address those problems, the FTA contains ambitious provisions under which Korea accepts the equivalence of

international standards (UN-ECE) or EU standards for all its major technical regulations. This implies that, in order to export to Korea, EU manufacturers will not have to substantially modify motor vehicles produced to EU specifications.

What are the benefits for EU producers?

Use of International Standards

- For core safety standards, UN-ECE Regulations are considered as equivalent to Korean standards as of the entry into force of the Agreement⁴.
- For a further 29 standards⁵, Korea will align its regulations to UN-ECE regulations over a five-year period.
- For those standards not subject to equivalence or harmonisation, Korea will ensure they are applied in such a way as to avoid market access problems.
- Products for which compliance with UN-ECE Regulations is proved by means of a UN-ECE type approval certificate are deemed to comply with those domestic standards aligned with the respective UN-ECE Regulations.

Emissions

- Korea will accept EU on-board diagnostic (OBD) devices conforming to Euro 6 standards as compliant with Korean standards. Cars fitted with OBDs conforming to Euro 5 standards will be accepted within a transitional quota, until all EU cars exported to Korea are fitted with Euro 6 OBDs.
- Korea will allow EU producers flexibility in complying with its emission standards by providing for specific emission levels for sales below certain thresholds. This flexibility will be provided from the year the FTA enters into force.

Products with new technologies

- Korea will accept products incorporating new technologies on its market, unless they are proven to create a significant risk to health, safety or the environment.

Convergence of future requirements

- Any new standards adopted by Korea should be based on UN-ECE Regulations.
- Existing requirements diverging from UN-ECE will be reviewed every three years to assess reasons for divergence.
- In areas where there are no UN-ECE Regulations, the parties will examine possibilities for cooperation to develop international standards or achieve convergence in their respective requirements.

Most-favoured nation (MFN) clause

- If Korea decides to give more favourable treatment on internal taxation or emission regulations to any third country products, it will extend this treatment also to EU products.

⁴ Table 1 of Appendix 2-C-3, p. 1149 of the Agreement as published in OJ L127 of 14 May 2011.

⁵ Table 2 of Appendix 2-C-3, p. 1152 of the Agreement as published in OJ L127 of 14 May 2011.

In practice, the FTA eliminates the need to produce specific cars for the Korean market or conduct expensive tests in Korea to show compliance with a wide range of safety standards (e.g. resistance to crash or impact, effectiveness of braking, etc.); tests conducted in the EU to show compliance with EU standards will be recognised by Korea. Equivalence with European standards on OBDs also represents a major cost saving, since Korean standards

for gasoline cars are based on US Californian standards. Finally, special accelerated dispute settlement ensures compliance with the rules negotiated for the sector. Monitoring the implementation of commitments will also be undertaken through a working group on motor vehicles and parts, which will meet at least once a year.

Sanitary and phytosanitary measures

The FTA will also boost trade between the EU and Korea in animals and animal products, plant and plant products and other food products, while maintaining high levels of human, animal and plant health safety.

The Agreement contains specific commitments on transparency, consultation and working towards developing a common understanding on international standards as well as ensuring equal treatment of all EU Member States. This provides the building blocks for addressing SPS questions such as the relevant standards for additives in food stuffs or the application of international standards more generally.

A procedure will be developed for the approval of establishments for products of animal origin; the objective is for Korea to list European companies in advance rather than carrying out inspections of one company at a time. Greater speed and predictability would be of great help to European poultry and pork producers, for example.

Cooperation will also focus on recognising disease-free areas. This should significantly increase predictability for EU exporters and mitigate the negative effects of measures which Korea feels compelled to take in the event of local outbreaks of certain animal diseases in the EU.



Government procurement

Government procurement is of great economic interest, estimated at up to 12-15% of GDP among OECD members and even more in emerging and developing countries. Consequently, transparency and openness are politically important; they are seen as key drivers of public policies and regional integration as well as being important tools against corruption.

Korea and the EU already had substantive mutual commitments on government procurement in the framework of the WTO Agreement on Government Procurement (GPA). In this framework, both parties agreed to apply substantial transparent and non-discriminatory procedural rules to conducting certain tenders for goods and services (including construction services) by central and (certain) sub-central entities⁶.

The EU-Korea FTA expands these mutual commitments to an additional area, not covered in the GPA, which has significant business opportunities in both regions: in EU public works concessions and in Korean ‘build-operate-transfer’ (BOT) contracts. Such contracts, for example key infrastructure projects such as the construction of highways, are of significant commercial interest to European suppliers, who are recognised global leaders in this area. Guaranteeing the practical and legal accessibility of such tenders to European suppliers will secure substantial new opportunities.

More specifically, the FTA secures the possibility for EU companies to participate in the most commercially meaningful tendering opportunities in Korea: the FTA ensures access to BOT contracts beyond a value threshold of 15 000 000 SDRs⁷ (approx. € 17 000 000) from all central and sub-central public procuring entities committed by Korea under the GPA. It also covers BOT procurement contracts of all the public procuring entities (including cities, districts and counties) of Seoul Metropolitan City, Incheon Metropolitan City, Gyeonggi-do Province and the largest harbour city, Busan Metropolitan City. This additional coverage represents over 50% of Korea’s GDP and population. The FTA also ensures that European SMEs are treated as Korean SMEs when competing for these contracts.

Information about specific tendering opportunities in Korea will be available on the websites of the procuring entities subject to this agreement and published in the main Korean daily press.

⁶ For concrete market access opportunities in Korea in this framework, see: http://www.wto.org/english/tratop_e/gproc_e/appendices_e.htm#kor.

⁷ Special Drawing Rights.



Intellectual property

Building on the TRIPS (trade-related aspects of intellectual property rights) Agreement, the FTA gives a legal framework to basic rules in the EU and in Korea for the protection of intellectual property rights and enforcement of such protection. The FTA establishes mechanisms for exchange and cooperation. It sets standards of protection for intellectual property rights such as the protection of authors' work for a duration of 70 years after the death of the author and the right to a single equitable remuneration for performers and producers of phonograms. The FTA ensures that procedures for registering trademarks in the EU and Korea follow certain rules, such as the possibility of opposition by interested parties and the availability of a public electronic database of applications and registrations. It details the rights conferred on registered and unregistered designs. The FTA gives guarantees for the protection of data submitted to obtain marketing authorisation for pharmaceutical and for plant protection products and provides protection for a number of European and Korean geographical indications (GIs).

The FTA details enforcement measures to be applied in Korea and in the EU to ensure effective action against infringement of the protection granted to intellectual property rights. This includes minimum rules on civil and administrative proceedings, and criminal procedures and penalties in certain cases. The FTA provides that online service providers are not liable, under certain conditions, where services of intermediaries are used by third parties for infringing activities. The FTA also foresees that measures can be taken at the border, upon request or by the authorities, where it is suspected that goods infringing an intellectual property right⁸ may be imported, exported or placed under other customs procedures mentioned in the FTA.

The EU and Korea will hold regular dialogue on intellectual property, during which implementation of the Agreement will be monitored and any other relevant issue may be addressed.

⁸ Scope stipulated in footnote 76 of Article 10.67 of the Agreement as published in OJ L127 of 14 May 2011.

The FTA offers a high level of protection for commercially important European GIs, preventing their misuse in the Korean market.

Examples include :

- *Champagne, Scotch or Irish whisk(e)y, Grappa, Ouzo, Polska Wódka*
- *Prosciutto di Parma, Szegedi szalámi and Jambon de Bayonne*
- *Manchego or Parmigiano Reggiano cheese*
- *Vinho Verde or Tokaji wines, as well as those from the Bordeaux and Rioja and many other regions such as the Murfatlar Vineyard*
- *Bayerisches Bier and České pivo*



Services

The EU-Korea FTA ensures that EU service suppliers and investors will benefit from the growing Korean need for imports of services and long-term foreign direct investment. The EU-Korea FTA preferentially opens the Korean services market and provides the important legal certainty that EU services suppliers and investors will not be discriminated against vis-à-vis their Korean competitors.

Both in terms of sectoral coverage and depth of market access commitments, the EU-Korea FTA is by far the most ambitious services FTA ever concluded by the EU and goes beyond any services agreement Korea has concluded so far.

The Agreement covers cross-border provisions of services as well as the liberalisation of investment, in most services and non-services sectors. Cross-border services are particularly attractive for SMEs who will not always have the means to establish themselves in Korea.

The scope of the FTA includes diverse services sectors: telecommunications, environmental, transport, construction, financial, postal and express delivery, professional services such as legal, accounting, engineering and architectural services, and a large variety of other business services. Korea commits to market access liberalisation in more than 100 sectors.

Examples of benefits in services

- In telecommunications, Korea will relax foreign ownership requirements, allowing 100% indirect ownership, two years after entry into force of the FTA at the latest. In addition, EU satellite operators (telephone and TV) will be able to operate directly cross-border into Korea, avoiding having to liaise with or go through a Korean operator.
- Environmental services: Korea commits to allow EU companies to treat non-industrial waste waters (sewage services).
- EU shipping firms will have full market access and the right of establishment in Korea, as well as non-discriminatory treatment in the use of port services and infrastructure.
- New business opportunities for European companies will arise with respect to a large number of maritime auxiliary services.
- There will be improvements for auxiliary air transport services such as ground handling.
- Korea abolishes the obligatory subcontracting requirement for construction services.
- All financial firms will gain substantial market access to Korea and will be able to transfer data freely from their branches and affiliates to their headquarters.
- EU providers of international express delivery services will have access to the Korean market. After Korean postal reform, commitments will be spread to further areas outside the definition of the reserved postal monopoly, such as parcels.
- European law firms will be allowed to open offices in Korea to advise foreign investors or Korean clients on non-Korean law. Law firms will also be able to form partnerships with Korean firms and recruit Korean lawyers to provide 'multijurisdictional' services. Lawyers will be allowed to use their domestic job titles such as Solicitor, Avocat or Rechtsanwalt.
- The Agreement also includes provisions that govern electronic commerce with the aim of providing legal certainty in this fast-growing field of economic transactions.

Contact points and online information

Coordination and implementation structure

The EU-Korea FTA foresees the establishment of a significant number of specialised committees and working groups between the two parties to monitor the implementation of the

Agreement. Annual Trade Committee meetings at Ministerial level will also be organised.

Committee structure of the EU-Korea FTA

A Trade Committee, plus specialised committees and working groups, will be responsible for ensuring the proper operation of the EU-Korea FTA. The different bodies provide an opportunity both to seek resolution of market access concerns and to engage in closer regulatory cooperation.

Meeting annually, the Trade Committee co-chaired by the Minister for Trade of Korea and the Member of the European Commission responsible for Trade or their respective designees will manage the Agreement.

The EU-Korea FTA also foresees the establishment of six specialised committees and seven working groups, which will meet according to needs (the Trade Committee may decide to establish other specialised committees and working groups in order to assist its tasks).

Specialised committees

- Committee on Trade in Goods
- Committee on Sanitary and Phytosanitary Measures
- Customs Committee
- Committee on Trade in Services, Establishment and Electronic Commerce
- Committee on Trade and Sustainable Development
- Committee on Outward Processing Zones on the Korean Peninsula
- Committee on Cultural Cooperation

Working groups

- Working Group on Motor Vehicles and Parts
- Working Group on Pharmaceutical Products and Medical Devices
- Working Group on Chemicals
- Working Group on Trade Remedy Cooperation
- Working Group on Mutual Recognition Agreements on Services
- Working Group on Government Procurement
- Working Group on Geographical Indications

In addition to the formal structures established under the FTA, a number of dedicated actions have been put in place:

- To ensure proper coordination within the Commission, a dedicated EU-Korea FTA Implementation Taskforce has been established. It is headed by the Directorate-General for Trade and comprises representatives of various Commission services concerned by a given subject matter and the Trade Section of the EU Delegation in Seoul.
- As part of the EU market access strategy, a number of market access working groups have been set up in Seoul (cosmetics, SPS, health, IPR, government procurement, financial services, telecommunications, chemicals) and in Brussels (automotives, tyres, medical devices, alcoholic beverages, textiles, chemicals, sanitary and phytosanitary

issues), bringing together the expertise of the EU, Member States and Business. These working groups act as an entry point for business questions/requests/complaints, monitor at technical level the implementation by Korea of its commitments under the FTA and participate in identifying the best ways to tackle market access issues.

- Further information on the EU-Korea FTA is available on the European Commission (DG Trade) website at: <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/korea>
- A dedicated email address (TRADE-EU-KOREA-FTA@ec.europa.eu) has been set up to allow interested stakeholders to send the Commission their questions concerning implementation of the FTA.



On line sources — the Market Access Database

The Market Access Database (madb.europa.eu) is a free on-line service providing information for European companies on export conditions to more than 100 countries. Information includes applied tariffs, internal taxes and import formalities such as customs procedures, packaging, marking and labelling requirements and technical standards and regulations.

The Market Access Database fully reflects the impact of the EU-Korea FTA on import duties applicable in Korea. The 'Applied tariffs' section of the database provides access to the sophisticated Korean tariff nomenclature, with almost 12 000 tariff lines. Before the entry into force of the Agreement, less than 2 000 of these tariff lines were duty-free under the 'most favoured

nation' conditions available for WTO members and thus the EU. As a result of the entry into force of the FTA, more than 7 500 additional tariff lines became duty-free immediately for goods originating in the EU. For nearly 2 000 further tariff lines, customs duties will be dismantled over several years.

To see the preferential tariff rates available for a given product, select 'South Korea' in the applied tariffs database and then enter the product code(s). You may also search the complete Korean tariff nomenclature in the English language for product descriptions to identify the appropriate product codes. A link is available from the tariff rates, allowing access to further useful information, including current internal taxation measures in Korea.

<http://madb.europa.eu>

The screenshot displays the Market Access Database website interface. The top navigation bar includes 'HOME', 'Applied Tariffs Database', 'Exporter's Guide to Import Formalities', 'Last Updates', 'Statistical Database', 'Complaint register', 'Trade Barriers Database', 'SPS Database', 'Trade Barriers Regulation', 'Studies', 'Frequently Asked Questions', 'Useful Links', 'User Guide', and 'Contact'. The main content area is titled 'APPLIED TARIFFS : SEARCH' and shows a search for 'South Korea'. Below the search bar, there are options to 'Browse Product code' and 'Full text search'. The 'Product code' field contains '8471' and the 'Product description' field is empty. A search button is visible.

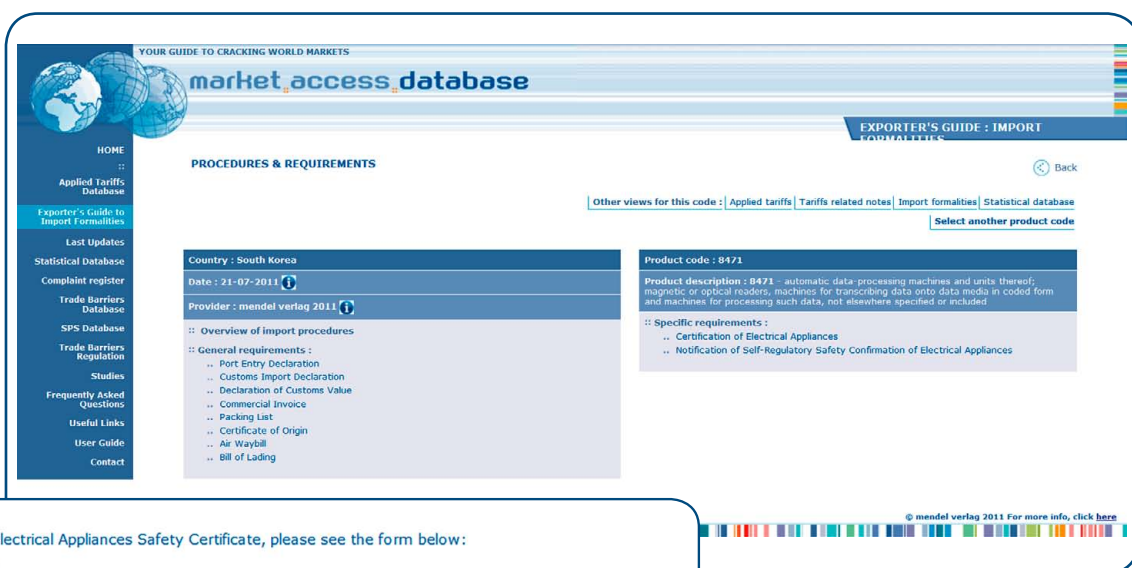
The search results are displayed in a table with the following columns: Code, Product description, EU, GEN, and MEN. The table shows the following data:

Code	Product description	EU	GEN	MEN
84	CHAPTER 84 NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF			
8471	Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included:			
8471.30..	- Portable automatic data-processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard and a display	0%	8%	0%
8471.41	- Other automatic data-processing machines:			
8471.41.10..	-- Comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined:			
8471.41.10..	--- Those of not less than 64 bit in delivering data of CPU and of not less than 64 mega byte in capacity of main memory storage	0%	8%	0%
8471.41.20..	--- Those of not less than 32 bit in delivering data of CPU and of not less than 16 mega byte in capacity of main memory storage	0%	8%	0%
8471.41.90..	--- Other	0%	8%	0%
8471.49	-- Other, presented in the form of systems:			
8471.49.10	--- Of processing units which may contain the same housing one or two of the following types of unit: storage units, output units:			
8471.49.10.10..	---- Those of not less than 64 bit in delivering data of CPU and of not less than 64 mega byte in capacity of main memory storage	0%	8%	0%
8471.49.10.20..	---- Those of not less than 32 bit in delivering data of CPU and of not less than 16 mega byte in capacity of main memory storage	0%	8%	0%
8471.49.10.90..	---- Other	0%	8%	0%
8471.49.90..	--- Other	0%	8%	0%
8471.50	- Processing units other than those of subheading 8471.41 or 8471.49, whether or not containing in the same housing one or two of the following types of unit:			

The FTA will remove not only virtually all import duties between the EU and Korea but also many non-tariff barriers. This is also reflected in the Market Access Database. The section **'Exporter's guide to import formalities'** gives an overview of import procedures and provides detailed information on the documents required for imports to Korea. The requirements are presented, first, at a general level, applicable to all goods, and, second, at a tariff heading level, reflecting the specific requirements for particular goods. The 'Overview of import procedures' outlines key

features of the Agreement and explains further the implications for certain product groups. Under 'Commercial invoice', practical information is provided on the proof of origin, including the wording of the origin declaration to be supplied.


The Market Access Database contains a wealth of practical information for European companies doing business with Korea. A detailed user guide (available in all EU languages) explains, step by step, how to use the database.



2. For a sample of an Electrical Appliances Safety Certificate, please see the form below:

1. application no.
2. director of the institute (seal)
3. (full name of the institute)
4. documents to be enclosed

[별지 제2호의3서식] <신설 2005.10.11> 접수번호 : 1



전기용품안전인증서
Electrical Appliances Safety Certificate

안전인증번호 :
(Certificate No.)

제조업자명 :
(Manufacturer)

대표자명 :
(President)

제조공장의 소재지 :
(Factory Address)

제품명 :
(Product)

기본모델명 :
(Basic Model)

정격 :
(Rating)

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