

**JEF- PIIE Symposium**

# **Korea's FTAs: Current Status and Issues**

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# 1. Overview of Korea's FTAs

<b>Status</b>	<b>Korea's FTA Partners</b>
<b>Implemented</b>	Chile (2004), Singapore (2006), EFTA (2006), ASEAN (Goods, 2007)
<b>Concluded</b>	US (2007), ASEAN (Services, 2007)
<b>Under negotiations</b>	EU, Japan (suspended), Canada, Mexico, India,
<b>Under Joint Gov't Study</b>	China, Mercosur
<b>Negotiations under consideration</b>	GCC (negotiation to begin in April 2008)

## 2. Korea's FTA Strategy

- **Pursuit of simultaneous & multiple FTA initiatives**
- **Comprehensive and high quality FTAs**
- **FTAs with major economies and Korea's major trading partners**
- **FTAs with strategically important smaller trading partners**
- **Emphasis on bilateral FTAs rather than regional FTAs**
- **Aspiring to become FTA hub of East Asia**

### **3. Major Provisions of KORUS FTA**

- **High level of liberalization for goods**
- **Negative list approach in services liberalization**
- **Strengthened investment rules**
- **Strengthened protection of intellectual property rights**
- **Rules on TBT, SPS, Trade Remedies, Labor, Environment, Competition Policy, Outward Processing Zone**
- **Government procurement**

## 4. Coverage of Korea's FTAs other than Trade in G & S

	U.S.	Chile	Singapore	EFTA
<b>Investment</b>	O	O	O	X
<b>IPR</b>	O	O	O	O
<b>Competition Policy</b>	O	O	O	O
<b>Trade Remedies</b>	O	O	O	O
<b>TBT</b>	O	O	O	O
<b>SPS</b>	O	O	O	O
<b>Government Procurement</b>	O	O	O	O
<b>Outward Processing Zone</b>	O	X	O	O
<b>Investor-State Dispute</b>	O	O	O	O
<b>Dispute Settlement</b>	O	O	O	O
<b>Transparency</b>	O	O	O	O
<b>Labor</b>	O	X	X	X
<b>Environment</b>	O	X	X	X

## 5. Comparison of Korea's FTAs in Levels of Liberalization (Goods) (Comparison of Tariff Commitment of Korea in each FTA)

(% of Tariff Lines)

	US	Chile	Singapore	EFTA	ASEAN
<b>Immediate*</b>	80.4	87.2	59.7	86.3	70
<b>5 years</b>	11.2	6.3	17.8	10.3	20.8
<b>10 years</b>	5.8	2.7	14.1		9
<b>Other</b>	0.9	0.1	8.4	2.5	200 items
<b>Exclusion</b>	Rice	Rice, apple, pear	Rice, apple, pear, onion, garlic	Rice, beef, pork, chicken meat, garlic	Rice, beef, pork, chicken meat, garlic

\* Inclusive of tariff lines of already zero tariff

## 6. Comparison of Korea's FTAs in Levels of Liberalization (Goods) (Comparison of Tariff Commitment of Korea's FTA Partners)

(% of Tariff Lines)

	US	Chile	Singapore	EFTA	ASEAN
<b>Immediate*</b>	82.2	41.8	100	100 (goods) 35~55 (agr.)	50
<b>5 years</b>	10.4	34.1	-	N/A	40
<b>10 years</b>	5.3	20.5	-		6~7
<b>Other</b>	0.6	2.6	-		1175 items
<b>Exclusion</b>	-	Refrigerator, washing machine	-	Oil seeds, processed meat, processed fish	Rice, beer, plastic products

\* Inclusive of tariff lines of already zero tariff

## 7. Coverage of KORUS FTA/NAFTA/AUSFTA other than Trade in G & S

	KORUS	NAFTA	AUSFTA
Investment	O	O	O
IPR	O	O	O
Competition Policy	O	O	O
Temporary Entry of Business Persons	X	O	X
Trade Remedies	O	O	O
TBT	O	O	O
SPS	O	O	O
Government Procurement	O	O	O
Outward Processing Zone	O	X	X
Investor-State Dispute	O	O	O
Dispute Settlement	O	O	O
Transparency	O	O	O
Labor	O	O	O
Environment	O	O	O



## 8. KORUS FTA: Comparison with Other US FTAs in Level of Liberalization for Goods

(% of Tariff Lines)

KORUS FTA (K / US)		NAFTA (US / Mexico)	AUSFTA(US / Australia)
<b>Immediate*</b>	80.4 / 82.2	84 / 43	81.5 / 99
<b>10 years</b>	17 / 15.7	15 / 56	3.9 / -
<b>Other</b>	2.6 / 2.1	1 / 1	14.6 / 1

\*Inclusive of tariff lines of already zero tariff

## 9. Implications of KORUS FTA on Regional Integration

- **Likely to create new wave of FTAs in East Asia by Japan, China, and the ASEAN.**
- **May accelerate bilateral and trilateral FTA initiatives among three big countries in Northeast Asia, i.e., Japan, China and Korea.**
- **May lead eventually to ASEAN+3, East Asia FTA (EAFTA), or ASEAN+6, Comprehensive Economic Partnership on East Asia (CEPEA).**
- **As the largest cross-Pacific FTA, it may trigger momentum for the discussion of an APEC FTA (FTAAP).**

## 10. Korea's Current Priorities and Future Prospects

- **Ratification of KORUS FTA in the Korean National Assembly**
- **Conclusion of Korea-EU FTA**
- **Beginning negotiations with China**
- **Resumption of Korea-Japan FTA**
- **Launching an FTA with GCC**