

EU–REPUBLIC OF KOREA FREE TRADE AGREEMENT

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Executive Summary

The EU–Republic of Korea Free Trade Agreement (EU–ROK FTA) was initially signed in 2010 and entered fully into force in 2015. The EU–ROK FTA is far-reaching and was significant as the European Union's (EU's) first 'new-generation' free trade agreement (FTA) under its 'global Europe' strategy, as well as its first bilateral trade agreement with an Asian country. For South Korea, the FTA was a major milestone toward positioning itself as a 'hub nation' for FTAs, as it was the country's first FTA with one of the Big Three economic powers, ahead of the US and China (Wejchert, 2021).

From a trade standpoint, the agreement delivered what the EU described at the time as its 'most ambitious services FTA', with Korea committing to market access liberalisation in over 100 sectors, including full foreign ownership in telecommunications and comprehensive data transfer rights for financial services (Publications Office of the European Union, 2011, p. 1). The FTA's intellectual property chapter is notable for its detail, comprising 69 articles and providing immediate protection for 162 EU geographical indications (GIs), compared with 65 Korean products. The agreement also incorporates the EU's first sustainable development chapter (TSD), which establishes legally-binding commitments on environmental and labour-related governance, along with an unprecedented number of committees and working groups to monitor implementation.

The TSD chapter however soon became a source of contention, prompting a formal trade dispute over South Korea's failure to ratify fundamental International Labour Organization (ILO) Conventions. Nonetheless, progress has been achieved in sanitary and phytosanitary (SPS) measures, including the Republic of Korea's recognition of the EU's regionalisation approach for African Swine Fever (ASF) and Highly Pathogenic Avian Influenza (HPAI), as well as the partial lifting of the EU beef ban in 2019.

With 15 chapters, multiple annexes, three protocols and four understandings, the EU–ROK FTA not only strengthened bilateral trade but also served and continues to serve as a blueprint for subsequent EU agreements, exemplifying the EU's approach to comprehensive, rules-based and of course strategically ambitious trade partnerships.

Context

Timeline of Negotiations

Date	Event
15 May 2006	Trade ministers of the EU and Korea agreed to begin preparation
6 May 2007	EU–Korea FTA negotiations began in Seoul
13 July 2009	Announcement of Agreement
6 October 2010	Following eight rounds of negotiations, the EU–Korea FTA signed
17 February 2011	Ratification in the European Parliament
4 May 2011	Ratification in the National Assembly of Korea
1 July 2011	Provisional entry into force
13 December 2015	Full entry into force amidst the EU’s ‘Trade for All’ strategy

Source: Joe, 2022

Timeline Discussion

After the failure to make significant progress towards a multilateral trade agreement in the World Trade Organization's (WTO) Doha Round in 2001, the EU and Republic of Korea were disillusioned like many other global actors. Both parties began exploring their options to conclude 'bi- or plurilateral trade agreements', which had been frequently promoted by the United States (US) (Nissen, 2022, p. 608). In 2006, the EU outlined 'global Europe', which emphasised opening and diversifying markets, rejecting protectionism and upholding sound internal policies to maintain European competitiveness, marking the EU's new trade policy framework in the era of globalisation (Nissen, 2022, p. 608). This strategy substituted what was previously a more multilateralism-focused strategy: 'managed globalisation'. In the new era of 'global Europe', the EU selected South Korea as a priority partner with which to conclude an FTA, on the exclusive basis of 'economic criteria' (Nissen, 2022, p. 608).

For the EU, the FTA with South Korea represented a new approach to engagement with Asia, expanding both the physical reach and regulatory space of its single market. As for South Korea, it marked an opportunity to enter the 'FTA game' (having previously concluded only one FTA with Chile in 2003) and bolster its middle-power influence in the growing arena of bilateral trade liberalisation.

Following eight rounds of talks, the EU–ROK FTA was eventually signed in 2010 and provisionally applied in July 2011. It formally entered into force in 2015, following parliamentary ratification by EU member states and South Korea. At the time, South Korea was negotiating FTAs simultaneously with the US and EU, and soon after implemented an FTA with China in 2015. Indeed, South Korea through these processes established itself as a vital 'linchpin' in the global arena (Wejchert, 2021).

The agreement eliminated custom duties on nearly all (98.7%) products including fisheries and agriculture (Directorate-General for Trade and Economic Security, 2023). It also removed non-tariff barriers (NTBs) to exports of key EU products to South Korea such as automobiles, pharmaceuticals, electronics and chemicals.

Stakeholders at the Table

Negotiations for the EU–ROK FTA formally commenced in May 2007 with the EU Trade Commissioner Peter Mandelson acting on behalf of the EU and its member states (Jin, 2007). The representatives from the Republic of Korea’s Ministry of Trade, Industry and Energy meanwhile included key negotiators such as Director-General of FTAs Kim Hyun-jong and Deputy Minister for Trade Yoo Myung-hee (Jin, 2007).

During negotiations, stakeholder consultations were conducted with representatives from industry groups, civil society, trade unions and non-governmental organisations. Contentious sectors such as the automotive and agriculture industries were represented during advisory consultations, due to the sensitivity of tariff reductions and competition concerns within the FTA. These ongoing discussions over sensitive sectors contributed to delays in finalising the agreement, leading to there being eight rounds of talks.

Automotive Sector

Several EU member states, as well as South Korea, are among the largest car exporters in the world, making the automotive sector a strategically significant area in the EU–ROK FTA negotiations. The EU’s automotive industry – led by Germany, France and Italy – represents a major share of global production and exports, particularly in premium segments. South Korea’s market, dominated by Hyundai and KIA, has also steadily expanded its presence in Europe (D’Errico, 2023).

European manufacturers, represented by the European Automobile Manufacturers Association (ACEA) emerged as a prominent critic, asserting the prospective FTA failed to uphold the fundamental principle of mutual benefit and granted the Korean industry a disproportionate competitive advantage in exports compared to the EU. The ACEA urged the European Commission (EC) to revise various clauses of the agreement, including the rules of origin and duty drawback systems to better reflect the respective sectors’ interests (London School of Economics, 2010). Another point of contention was the phasing-out of South Korea’s eight percent tariff on auto imports, with the EU proposing a three-year timeline, while South Korea suggested seven years (Han, 2007).

As a result of negotiations, the FTA reduced NTBs on the automobile sector, allowing EU carmakers to sell their products without being subject to additional testing. South Korea also

agreed to recognise the safety regulations established by the United Nations (UN) Economic Commission for Europe (UN-ECE) and to align several other standards, including emissions norms. Furthermore, tariffs on EU car exports to Korea – previously set at 8% – were phased out over a seven-year period.

The EU–South Korea FTA correlates with substantial increases in bilateral automotive trade flows (93%), as ‘the rise in EU exports (163%) was relatively larger than South Korean exports (63%) in 2011–2015’ (Juust et al., 2017, p. 5). The findings on the timing of these trade effects suggest that the removal of NTBs played a notable role in trade expansion.

Notable Features and Provisions of the FTA

Chapter 2: National Treatment and Market Access for Goods

The EU–ROK FTA was the first ever EU FTA to incorporate binding, sector-specific disciplines for NTBs, a significant milestone for the EU (Larik & Moraru, 2011). NTBs often impose higher costs than tariffs, due to duplicative testing and regulatory compliance, which can be particularly burdensome for small and medium enterprises (SMEs). For these reasons, NTBs are often assessed as more trade restrictive than tariffs (Larik & Moraru, 2011). The FTA's **Annexes 2-B, 2-C, 2-D and 2-E** on NTBs address regulatory barriers that were identified by EU industries as critical barriers to accessing the Korean market. Given the technical complexity of NTBs, the provisions could largely be based on the European regulatory model.

The annexes target key sectors including: consumer electronics; automotive products; pharmaceuticals/medical devices; and chemicals.

Annex 2-B: Consumer electronics

Prior to the FTA, exporters of consumer electronics and household appliances (television sets, computers, microwaves, mobile phones and ovens) faced costly and redundant duplicate testing and certification procedures, also known as the supplier's declaration of conformity (SDoC) to enter the Korean market (Publications Office of the European Union, 2011).

Annex 2-B addresses this issue by eliminating the need for duplicative testing through the Mutual Recognition of Conformity Assessments (MRCAs). As stipulated in the agreement: 'A Party requires a positive assurance of conformity with technical regulations on EMC or safety of covered products [...] conducted in the territory of the other party' (European Union, 2011, p. 2011).

This provision implies a change in Korea's regulatory approach, allowing EU exporters to use SDoCs rather than undergoing separate testing procedures in Korean factories. The removal of mandatory 'third-party certification' dismantled one of the most significant non-tariff barriers, lifting financial burdens for exporters, reducing bureaucratic hurdles and accelerating market access for products including televisions, appliances and mobile phones (European Union External Action Service, 2010).

Annex 2-C Motor vehicles

Under this annex, the UN-ECE standards are deemed equivalent to Korean domestic standards from the date of the agreement's entry into force. For core safety standards, UN-ECE Regulations are considered equivalent to Korean standards as of the entry into force of the agreement (Publications Office of the European Union, 2011). Additionally, Korea committed to harmonising 29 further standards with UN-ECE regulations within a five-year transition period (Publications Office of the European Union, 2011).

The annex also stipulates South Korea will give EU car makers flexibility to comply with the Korean emission standards, by accommodating specific emission levels for manufacturers with sales falling below defined thresholds in Korea.

The annex also eliminates the need for redundant safety testing. South Korea now recognises EU-conducted tests for crash resistance, braking efficiency and other safety standards, thereby reducing regulatory duplication and enhancing market access (European Union External Action Service, 2010).

Annex 2-D Pharmaceutical products and Medical Devices

This annex outlines how exporters of pharmaceuticals and of medical devices shall benefit from strengthened transparency in pricing decisions.

While health authorities in many EU member states regulate drug pricing and reimbursement, stakeholders have raised concerns over the lack of transparency on how prices are set (European Union External Action Service, 2010). This FTA addresses these concerns by introducing detailed binding rules on transparency based on clear and objective criteria, all of which are subject to judicial review.

In addition, the FTA establishes a working group to support regulatory cooperation and facilitate potential MRCAs in line with international standards.

Annex 2-E Chemicals

This annex preserves the integrity of the EU regulatory framework in the chemical sector, 'ensuring transparency regarding the content of their laws and regulations and other measures of general application in the area of chemicals' (European Union, 2011, p. 1157). It reaffirms both parties' commitment to ensuring that laws, regulations and other measures relating to chemicals are clearly communicated and accessible.

In sum, the FTA establishes innovative mechanisms to address the growing importance of standards, with advancements in reducing non-tariff barriers, representing arguably the most significant and far-reaching achievement concerning trade in goods.

Chapter 3: Trade Remedies

The trade remedies chapter includes provisions governing the use of the traditional trade defence instruments established under the already-existing WTO rules including those aimed at anti-dumping, anti-subsidy and global safeguards. While the EU–ROK agreement largely adheres to standard EU FTA practices, various provisions exceed current trade policies and therefore stand out.

Firstly, the agreement created a Working Group as a forum for overseeing and encouraging ‘trade remedy cooperation’. Under **Article 3.16**, this working group seeks to ‘[e]nhance a party’s knowledge and understanding of the other Party’s trade remedy laws, policies and practices’ (European Union, 2011, p. 14).

For safeguard provisions, the EU–ROK FTA goes beyond the WTO text by giving greater consideration to the interests of the FTA partner. This marks a notable improvement over previous EU FTAs and is of particular importance for the sensitive European automotive sector. For example, even if previous notification is required, provisional safeguard measures are permitted in ‘critical circumstances where delay would cause damage that would be difficult to repair’ (European Union, 2011, p. 12). As such, bilateral safeguard measures are allowed if there is ‘preliminary determination that [...] imports [...] from the other Party have increased as the result of the reduction or elimination of a customs duty [...], and such imports cause serious injury [...] to the domestic industry’ (European Union, 2011, p. 12).

Chapter 5: Sanitary Phytosanitary Measures

The dedicated chapter on SPS measures sets out mutual commitments to uphold transparent, science-based standards consistent with WTO obligations. The chapter (in **Article 5.10**) aims to ‘minimise the negative effects of sanitary and phytosanitary measures on trade while protecting human, animal or plant life or health in the Parties’ territories’ (European Union,

2011, p. 18).

A key feature of this chapter (**Article 5.8**) is moreover its emphasis on regionalisation, which requires both parties to:

recognise the concept of pest- or diseasefree areas and areas of low pest or disease prevalence, in accordance with the SPS Agreement, OIE and IPPC standards, and shall establish an appropriate procedure for the recognition of such areas, taking into account any relevant international standard, guideline or recommendation [...] When determining such areas, the Parties shall consider factors such as geographical location, ecosystems, epidemiological surveillance and the effectiveness of sanitary or phytosanitary controls in such areas (European Union, 2011, p. 19).

This binding provision is particularly significant to the EU, which frequently manages localised outbreaks of animal and plant diseases, such as AFS and HPAI. By enabling risk assessments to be conducted on a regional rather than national basis, the agreement allows trade to continue from unaffected areas, even when outbreaks occur elsewhere within a country.

Recognising ‘disease-free areas’ not only enhances cooperation and communication between regulatory authorities, but also reduces the likelihood of disproportionate, national-level import restrictions (London School of Economics, 2010; Publications Office of the European Union, 2011, p. 13). In doing so, such ‘disease-free areas’ also promote predictability and continuity in agricultural trade, while institutionalising a risk-focused framework for managing SPS cases.

Furthermore, **Article 5.10** of the EU–ROK FTA establishes a dedicated institutional mechanism to support the implementation of the SPS chapter formally known as ‘the Committee on Sanitary and Phytosanitary Measures’ (European Union, 2011, p. 19). This committee develops the necessary procedures and arrangements for operationalising the chapter's provisions, monitors progress and provides a forum for discussion in issues arising from the implementation of SPS measures (European Union External Action Service, 2010).

Chapter 7: Trade in Services, Establishment and E-Commerce

Chapter 7 of the EU-ROK FTA addresses liberalisation of investment and trade in services, covering a broad range of both services and non-services sectors. Many scholars and institutional bodies regard the agreement as being by far the most ‘ambitious services FTA ever concluded by the EU’, in terms of sectoral scope and the depth of commitments related to market access (Publications Office of the European Union, 2011; Larik and Moraru, 2011; European Parliament, 2011). Chapter 7 provides significant advantages to EU service providers and investors, particularly given South Korea’s growing demand for imported services and long-term foreign direct investment. As stated by the European Union in 2011 following the agreement’s signing, ‘Korea commit[ted] to market access liberation in more than 100 sectors’ (Publications Office of the European Union, 2011, p. 16).

Chapter 7 covers several key service sectors, including telecommunications, environmental, shipping, finance, construction, shipping and legal services:

- **Telecommunications:** South Korea agreed to relax foreign ownership restrictions, permitting 100% direct foreign ownership within two years of the agreement’s entry into force.
- **Environmental services:** South Korea committed to liberalising the treatment of non-industrial wastewater, including sewage services.
- **International Maritime Transport services:** EU shipping companies are granted full market access and the right of establishment in South Korea, eliminating prior restrictions.
- **Financial services:** All EU financial institutions will benefit from substantial market access and, notably, will be permitted to freely transfer data between their Korean branches or affiliates and their EU-based headquarters.
- **Construction Services:** South Korea will abolish existing subcontracting requirements, removing a major barrier for EU construction firms operating in the Korean market.
- **Auxiliary Air Transport Services:** There will be improved access for services

such as ground handling, facilitating greater competition and efficiency.

- **Legal Services:** European law firms will be allowed to establish offices in South Korea to advise Korean clients and foreign investors on non-Korean law. Additionally, they may form partnerships with Korean law firms and hire Korean lawyers, thereby enabling the provision of multi-jurisdictional legal services.

Source: European Union External Action Service, 2010

Chapter 9: Government Procurement

As both parties are signatories to the WTO's Government Procurement Agreement (GPA), provisions in this section are relatively concise. Nonetheless, this agreement contains extensions beyond both the WTO text and the framework typically applied in EU negotiations with developing countries. For instance, despite Korea's status as a developing country in the WTO at the time of negotiations and the FTA being entered into force, the FTA stipulates that Korea will not be entitled to special and differential treatment (London School of Economics, 2010). Given that South Korea was recognised as a developed country in 2021, the FTA's lack of concessions to its developing status may have anticipated this.

In addition to agreeing to implement the current revised GPA text in the WTO, both parties also commit to expanding procurement opportunities to public works concessions and Build-Operate-Transfer (BOT) contracts. This guarantees European suppliers access to high-value tenders, particularly in infrastructure. For example, key infrastructure projects such as the construction of highways are of significant commercial interest to European suppliers, who are internationally recognised for their expertise in this sector (Publications Office of the European Union, 2011). Therefore, guaranteeing the legal and practical accessibility of such tenders to European suppliers secures substantial economic opportunities.

The agreement also extends coverage to major metropolitan and provincial entities, representing 'over 50% of South Korea's Gross Domestic Product (GDP) and population' (European Union External Action Service, 2010, p. 8).

Chapter 10: Intellectual Property

The EU–ROK FTA is ‘one of the first bilateral trade agreements that explicitly incorporates the TRIPS-plus (Trade-Related Aspects of Intellectual Property Rights) mandate’ under the ‘global Europe’ strategy (London School of Economics, 2010, p. 83). The TRIPS-plus mandate is a set of intellectual property (IP) rules that go beyond minimum requirements established by the WTO’s TRIPS Agreement. Its provisions in the EU–ROK FTA include protection of copyright in the digital environment and industrial designs, reflecting a more assertive approach to IP that closely aligns with the approach adopted by the US in its FTAs (Erixon et al., 2022; London School of Economics, 2010).

The IP chapter in this agreement is extensive, covering general provisions as well as detailed standards and enforcement rules across seven areas: copyright and related rights; trademarks; GIs; designs; patents; plant variety rights and genetic resources; as well as traditional knowledge and folklore. With 69 articles in total, the EU–ROK FTA far exceeds previous EU bilateral agreements before the launch of the ‘global Europe’ strategy, which typically included only one or two articles and an annex on IP-related rights (London School of Economics, 2010).

Geographical Indications

The GIs section is the most extensive, covering: the recognition of GIs listed in Annexes to the agreement; elements of registration; scope of protection; exceptions; GIs’ relationship with trademarks; and the establishment of a working group on GIs. It particularly provides a high level of protection for commercially important European GIs, safeguarding their cultural heritage and preventing their inappropriate use in the Korean market (European Union External Action Service, 2010).

Protection of GIs:

Party	Agricultural products	Wine	Spirits	TOTAL

EU	60	80	22	162
Korea	63	1	1	65

Source: Ahn, 2010

Under **Annex 10-A** (agri-food), 60 EU food products and 63 South Korean products came under GI protection. Notable EU GIs include Champagne, Roquefort, Feta and Prosciutto di Parma, while Korean examples include Boseong green tea, Namwon Chueotang (loach soup) and Andong soju.

Under **Annex-B** (wines and spirits) over 100 European items were recognised, compared to just one item from South Korea (Jindo Hongju – a distilled liquor from the island of Jindo).

Notably, 160 major protected GIs from the EU took effect immediately upon provisional enforcement on 1 July 2011, with no mention of a ‘handover’ period as in other agreements.

Patents

With respect to patents, the FTA provides for strengthened protection and enforcement of intellectual property rights (IPRs). In particular, **Article 10.35** establishes provisions for an effective patent term that accounts for delays in registering a patent, ensuring that patent-holders are compensated for any reduction in patent life resulting from the first authorisation to place the product on their respective markets.

On Dedicated Working Groups

Being a ‘new-generation’ agreement, the EU–ROK FTA establishes strong legal protections for listed GIs through binding commitments and enforcement provisions (Erixon et al., 2022). Both parties agree to ‘process, without undue delay, the other’s requests for adding geographical indications to be protected to the Annexes’ (European Union, 2011, p. 49). This process is overseen by a dedicated Working Group on Geographical Indications (under **Article 10.25**), which the agreement specifies can ‘modify Annexes 10-A and 10-B [...or] remove individual geographical indications that cease to be protected in the Part of origin’

(European Union, 2011, p. 49).

This Dedicated Working Group provides a formal mechanism enabling both parties to continuously update, add or remove GIs over time. This group ensures the agreement remains dynamic and adaptable to each party's domestic GI system, which enhances mutual cooperation and legal enforceability of GI protections. The agreements' structure and legal clarity of these provisions have subsequently served as a model for later EU FTAs, including those with Canada and Japan.

Chapter 13: Trade and Sustainable Development Chapter

Binding Provisions on Labour and the Environment

As the first 'new-generation' agreement under the EU's policy, the EU–ROK FTA incorporated a TSD chapter containing binding provisions on environmental protection, labour rights and climate change (European Commission, 2024, p. 20). This chapter reflects a strategic effort to align trade liberalisation with global sustainability objectives, such as the UN 2030 Sustainable Development Agenda (Baroncini et al., 2025).

Since this TSD framework's adoption, the EU–ROK FTA has set a precedent for a TSD chapter included in all subsequent EU FTAs. Notable examples include EU FTAs with Canada, Japan, Singapore and Vietnam and the recently concluded negotiations with Mexico, Mercosur and the United Kingdom, as well as the investment deal with China (European Commission, 2021).

Article 13.4 (Multilateral labour standards and agreements) affirms the parties' commitment to uphold the principles of the International Labour Organization (ILO), including:

the four fundamental conventions on (a) freedom of association and the right to collective bargaining, (b) the elimination of all forms of forced labour (c) the effective abolition of child labour (d) the elimination of discrimination in respect of employment and occupation (European Union, 2011, p. 63).

Article 13.5 (Multilateral environment agreements) then outlines that:

The Parties recognise the value of international environmental governance and agreements [...] and commit to consulting and cooperating as appropriate with respect to negotiations on

trade-related environmental issues of mutual interest (European Union, 2011, p. 63).

Interestingly, ‘gender equality’ was only mentioned once under the ILO Decent Working Agenda in **Annex 13** of the agreement.

Panel of Experts

The FTA establishes a strong monitoring mechanism for objection procedures designed to ensure fair and transparent consideration of prior claims relating to the implementation of TSD commitments. A dedicated Panel of Experts is provided under **Article 13.15** of the TSD chapter, which states that a party may [...] request that a Panel of Experts be convened to examine the matter that has not been satisfactorily addressed through government consultations’ (European Union, 2011, p. 65).

The Panel operates on a non-punitive and consultative basis, aiming to facilitate dialogue and cooperative resolution rather than formal dispute settlement. As the agreement specifies under **Article 13.15**:

The implementation of the recommendations of the Panel of Experts shall be monitored by the Committee on Trade and Sustainable Development...and made available to the Domestic Advisory Group(s) of parties (European Union, 2011, p. 65).

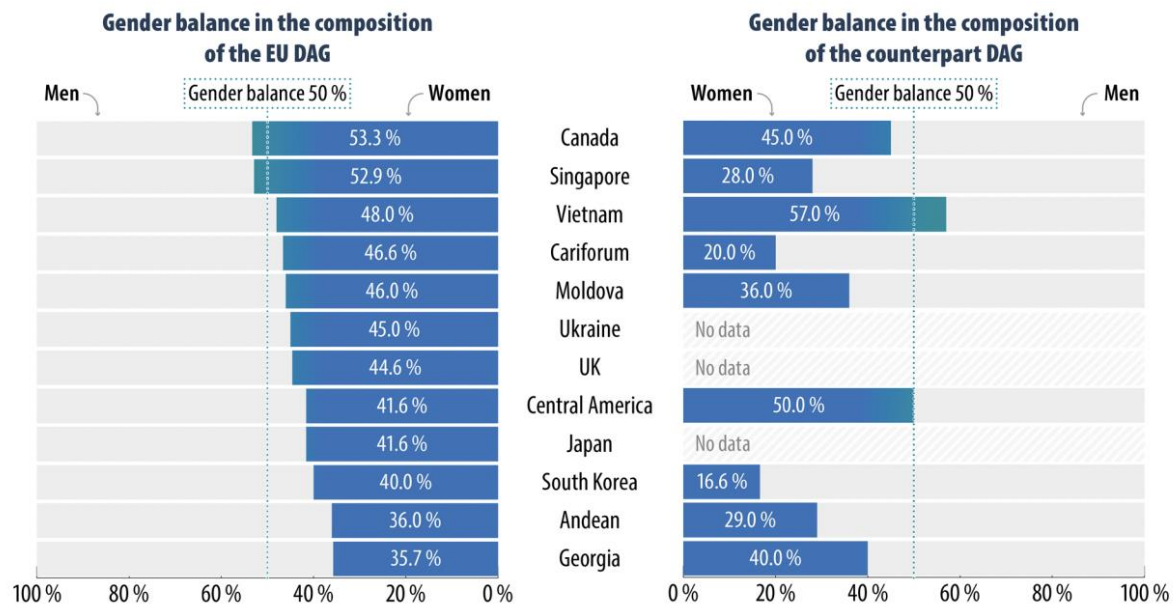
The Panel of Experts may also seek information from Domestic Advisory Groups (DAGs) or the ILO to inform its deliberations, further enhancing its capacity to ensure compliance with TSD commitments (London School of Economics, 2010).

Gender Equality in DAGs

While the DAGs intend to have a balanced representation of business organisations, trade unions, as well as environmental or other civil society groups, there are ‘no specific requirements for women’s organisations or gender expertise to be represented’ (Shreeves, 2024, p. 10). This institutional gap contributes to the low representation of women in the groups, most notably in South Korea’s DAG, where women account for only 16.6% of members, the lowest across all counterpart DAGs in EU FTAs (see graph below) (Shreeves, 2024).

On the EU side, some civil society organisations within the DAGs may bring gender perspectives into discussions, but this is neither systematic nor structured. For example, there is no designated DAG member responsible for gender mainstreaming. Consequently,

academics and civil society actors have called for stronger mechanisms to ensure the participation of women’s organisations and gender experts in the advisory process.



Source: Shreeves, 2024

Institutional Mechanism

The institutional layering in the EU–ROK FTA’s TSD chapter is distinctive because it formally embeds participatory oversight mechanisms that combine DAGs and Civil Society Forums (CSFs) (including a balanced representation of environment, labour and business organisations), to monitor and evaluate the implementation of the TSD chapter.

Under **Article 13.12.4**, each party must consult civil society through a DAG to be composed of independent economic, social and environmental stakeholders, including: non-government organisations; trade unions; business organisations; and other civil society actors. This process will monitor ‘the implementation of this chapter and seek their [the stakeholders’] views thereon’ (European Union, 2011, p. 64).

Under **Article 13.12.5**, the agreement meanwhile mandates the creation of a joint CFS ‘to conduct a dialogue encompassing sustainable development aspects of trade relations between the parties’ (European Union, 2011, p. 64).

This forum brings together representatives from both parties to meet regularly and discuss the implementation of the TSD chapter. It promotes public participation, transparency and accountability, distinguishing the EU–ROK FTA from other FTAs that may lack formal civil society roles or fail to explicitly reference such groups in their agreement.

Chapter 14: Dispute Settlement

The Dispute Settlement chapter of the EU–ROK FTA has been referred to as the ‘most substantial breakthrough’ in the FTA, as it created a faster and more transparent dispute settlement system (London School of Economics, 2010, p. 31).

The wording of the provisions is broadly based on the WTO Rules entitled ‘Understanding on Rules and Procedures Governing the Settlement of Disputes (commonly known as the DSU). Like the DSU, **Article 14.8 to 14.12** of the EU–ROK FTA provides for ‘mandatory consultation, expresses a preference for mutually agreed solutions and provides for the authorisation of proportionate sanctions after a reasonable period for compliance’ (European Union, 2011, p. 32).

A significant difference between the agreement and the WTO Rules is that in the FTA the timeframes for dispute settlement are substantially reduced (up to half the duration of WTO proceedings) and can be further reduced in cases of urgency (London School of Economics, 2010, p. 32).

According to **Article 14.3.3**: ‘The consultations shall be deemed concluded within 30 days of the date of the submission of the request, unless the Parties agree to continue consultations’ (European Union, 2011, p. 65). Meanwhile, **Article 14.3.4** stipulates that urgent matters regarding perishable or seasonal goods ‘shall be held within 15 days of the date of the submission of the request, and shall be deemed concluded within 15 days of the date of the submission of the request’ (European Union, 2011, p. 65).

The FTA also strengthens enforcement provisions. For example, **Article 14.11.3** allows parties to temporarily revert to pre-agreement most-favoured nation tariffs in certain cases of violations. This provision was pushed by some EU member states and is likely to be used in automotive and consumer goods sectors.

Transparency is a central feature of the dispute settlement mechanism. The chapter refers to **Annex 14-B, Article 7.7** (Rules of Procedure for Arbitration), which specifies that ‘any hearings of the arbitration panel shall, as a rule, be open to the public’ (European Union, 2011, p. 68). Furthermore, NGOs or industry groups can submit briefs, reflecting the EU’s push for greater transparency in the WTO.

Concerning non-tariff measures, a ‘mediation mechanism’ under **Annex 14-A** (Mediation Mechanism for Non-Tariff Measures) was included for the first time to provide a non-binding advisory opinion to solve market access issues. The establishment of a mediation procedure for non-tariff measures is currently under discussion at the WTO (London School of Economics, 2010). Therefore, the EU–ROK FTA can potentially serve as ‘a testing ground’ for future reform negotiations in the WTO (London School of Economics, 2010, p. 32).

Trade Disputes

International Labour Standards Dispute Settlement Case

The EU–ROK FTA is ‘the first and to date [in 2020] the only FTA [where] a dispute settlement mechanism has been triggered under the TSD chapter’ (Martens et al., 2020, p. 36).

As the EU–ROK FTA was the first to include a dedicated TSD Chapter, it set a significant precedent for linking trade agreements with commitments to uphold fundamental labour rights as defined by the ILO, including the right to ‘freedom of association’ (European Union, 2011, p. 63).

Article 13.4.3 confirms ‘the Parties will make continued and sustained efforts towards ratifying the fundamental ILO Conventions as well as the other Conventions that are classified as ‘up-to-date’ by the ILO’ (European Union, 2011, p. 63).

‘After eight years of sustained complaints by trade unions and other civil society actors’, formal government consultations were requested under the TSD chapter (Marslev & Staritz, 2022, p. 8). The failure of these consultations led to the establishment of a Panel of Experts which in January 2021 confirmed that the Republic of Korea breached its TSD obligations and failed to provide sufficient domestic legal guarantees to meet its obligations under the TSD chapter. Under Article 13.4.3 of the agreement, both parties had agreed to respect, promote and realise fundamental labour rights ‘in accordance with the obligations deriving from membership of the ILO’ (European Union, 2011, p. 63).

In 2021, the Panel identified two major concerns: first, that South Korean labour legislation did not meet the ILO’s minimum standards; and second, that Korea had not demonstrated ‘continued and sustained efforts’ to ratify ILO Conventions 87 and 98, as stipulated by the agreement (Walker, 2021).

The panel concluded that the Republic of Korea must undertake legal reforms to align its domestic labour laws with the ILO principles and ratify several fundamental ILO conventions to comply with TSD obligations. Following this dispute, the Republic of Korea ratified three fundamental ILO conventions: No. 29 (Forced Labour); No. 87 (Freedom of Association and Protection of the Right to Organise); and No. 98 (Right to Organise and Collective

bargaining). Korea also amended its legislation and adopted guidelines ensuring that its trade union legislation operates in compliance with ILO principles (European Commission, 2023). The EU formally welcomed these developments.

In response to ongoing concerns around the enforceability of sustainability provisions, the EC adopted a revised approach to Trade and Sustainable Development on 22 June 2022 (Jütten, 2023). This framework ensures TSD commitments are binding and enforceable through standard dispute settlement mechanisms. The Commission identifies scope for improvement in six policy priorities:

Becoming more proactive in its cooperation with partners;

Stepping up its country-specific strategy;

Mainstreaming sustainability beyond the TSD chapter of trade agreements;

Increasing the monitoring of the implementation of TSD commitments;

Reinforcing the role and participation of civil society;

Enhancing enforcement by means of trade sanctions as a last-resort enforcement mechanism (in cases of material breaches of the Paris Climate Agreement or core ILO labour rights).

Source: Jütten, 2023

The EU–New Zealand FTA (signed on 9 July 2023) is the first agreement to integrate this new TSD approach as detailed above.

Sanitary and Phytosanitary-related Trade Tensions

Despite the commitments outlined in Chapter 5, SPS measures have been a source of contention between the EU and the Republic of Korea since the FTA's entry into force.

In the early 2000s, the Republic of Korea imposed a ban on EU beef imports following an

outbreak of bovine spongiform encephalopathy (BSE), commonly referred to as ‘mad cow disease’ (European Commission, 2023). This ban was part of a broader South Korean restriction on ruminant meat products from 36 countries with a history of BSE. Despite expectations that this restriction would be lifted under the established FTA in 2011, the ban persisted for over a decade and created subsequent tensions in bilateral trade relations.

Further difficulties emerged in relation to Korea’s country-wide bans on pork and poultry imports from EU member states affected by ASF or HPAI. These prohibitions disregarded the EU’s already well-established system of regionalisation, which restricts trade only from affected areas to prevent the spread of disease.

The EU deemed these restrictions as ‘disproportionate’ and ‘scientifically unjustified’, contending they were inconsistent with the provisions of Chapter 5 of the FTA, which states that ‘the Parties shall recognise the concept of pest- or diseasefree areas and areas of low pest or disease prevalence, in accordance with the SPS Agreement’, reaffirming the commitment to regionalisation as a science-based and proportionate response to sanitary risks (European Union, 2011, p. 19).

It is important to note that these SPS issues were not escalated to a formal dispute under the FTA’s dispute settlement mechanism. Rather, the long-standing barriers were addressed through technical discussions in the SPS Committee, including the eighth meeting in Seoul in September 2019, at which the EU presented scientific evidence supporting its regionalisation measures. Following sustained engagement and industry pressure, Korea conducted technical assessments of the EU’s zoning measures.

After this technical assessment, progress followed gradually. The Republic of Korea partially resumed beef imports from selected EU countries, including the Netherlands and Denmark. In September 2022, Korea officially recognised the EU’s regionalisation approach for ASF and HPAI. The Ministry of Agriculture, Food and Rural Affairs of the Republic of Korea acknowledged the EU’s ‘stringent regionalisation measures’, removing a longstanding trade barrier that had restricted access to the Korean market for over a decade (European Commission, 2023). The Republic of Korea concluded that trade could continue to take place from disease-free areas in EU member states.

This recognition removed a major trade barrier that had restricted EU exports for over a decade. According to the European Commission’s Directorate-General for Health and Food

Safety, the decision could unlock more than €1 billion in trade in the coming years (Directorate-General for Health and Food Safety, 2022).

Conclusion

Beyond tariff elimination and economic liberalisation, the EU–Republic of Korea FTA marked the emergence of a new paradigm of trade policy. The FTA brings various institutional and regulatory innovations including WTO-plus provisions for the removal of TBTs and TRIPS-plus protections for intellectual property, such as GIs. Notably, the FTA establishes a TSD chapter alongside a strong institutional framework of participatory oversight mechanisms involving DAGs and CSFs to monitor and evaluate the implementation of the TSD chapter. In fact, this FTA served as a model for later EU agreements, exemplifying the EU’s commitment to comprehensive, rules-based and strategically ambitious trade partnerships. While challenges remain, particularly in ensuring ongoing effective enforcement of the ILO conventions in South Korea, this FTA demonstrates the EU’s capacity to project its values, influence and credibility through trade policy on a global scale.

Appendices

Appendix A: EU Trade Flows in goods

The EU–ROK FTA has influenced trade flows between the EU and South Korea from its entry into force to 2024.

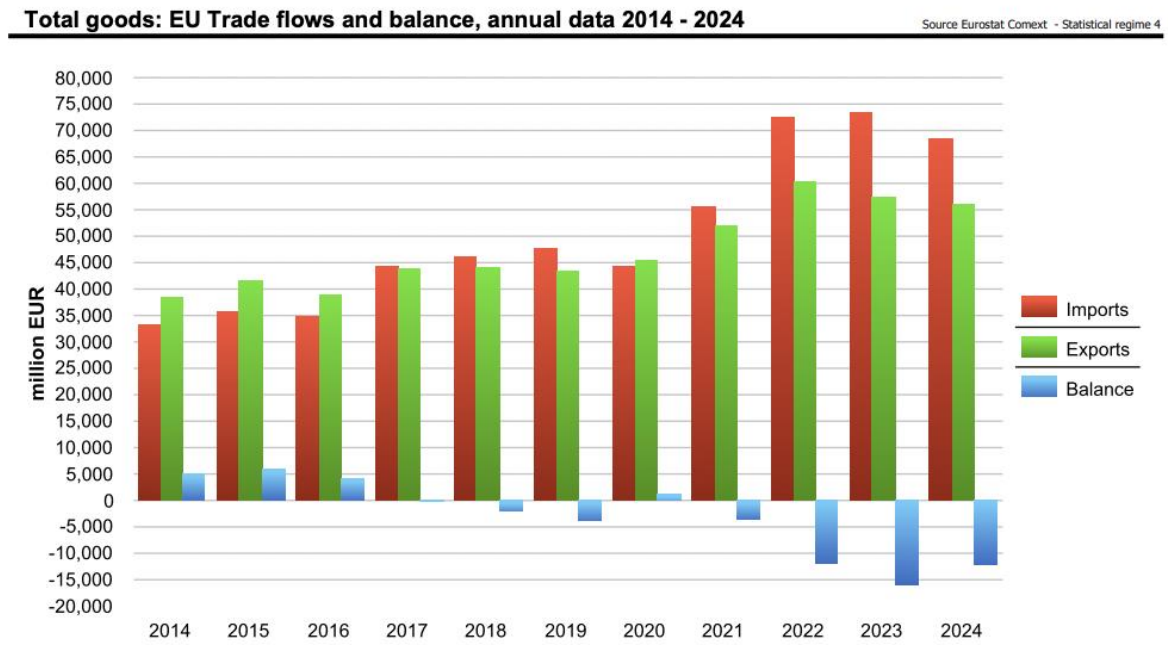
Shift from Surplus to Deficit

From 2014 to 2016, the EU benefitted from a trade surplus with South Korea. The balance narrowed in 2017 and shifted into deficit from 2018 onwards. This structural change reflects South Korea's rising competitiveness in high-tech sectors such as automotives, electronics and machinery, which drove imports consistently above EU exports.

Post-2020 surge

Both imports and exports rose rapidly after 2020, suggesting increased bilateral trade. However, imports grew faster than exports, as South Korea underwent a rapid economic recovery and experienced an increase in demand for imports, worsening the EU's trade balance.

In 2023, the EU's trade deficit reached its lowest point of the decade at more than –€16 million, as imports peaked while exports declined from their 2022 high.



Source: European Commission, 2025

Appendix B: Factsheet

- The EU–Republic of Korea FTA has progressively eliminated or reduced custom duties and quotas on nearly all products: 98.7% of industrial goods, agricultural and fisheries products (Directorate-General for Trade and Economic Security, 2023).
- In 2024, total bilateral trade in goods amounted to approximately €123.8 billion, representing a 96.51% increase from 2011 (when it was approximately €63 billion) (Directorate-General for Trade and Economic Security, n.d.).
- In the first five years after the FTA came into effect, EU exports to the Republic of Korea increased by 55% and European companies saved €2.8 billion on custom duties (Directorate-General for Trade and Economic Security, 2023).
- Machinery and appliances were among the most-benefitted sectors, accounting for almost 34% of total EU exports to Korea (Directorate-General for Trade and Economic Security, 2023).
- Motor vehicle exports to Korea increased by 90%, from €2 billion in the year before the FTA entered into force to €3.8 billion during the third year post-FTA (Directorate-General for Communication, 2015).

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