



Evaluation of the EC Market Access Partnership

In-depth assessment of the functioning of the local Market Access Team in South Korea

Client: European Commission, Directorate General for Trade

Singapore, 23 August 2012

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Draft

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Singapore, 27 August 2012

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1 Introduction

The Market Access Partnership and local Market Access Teams

The Market Access Strategy was originally launched in 1996 and aimed at enforcing multilateral and bilateral trade deals and at opening third country markets to EU exports. The strategy has two pillars: 1) providing EU businesses with information on market access conditions and 2) creating a framework within which the barriers to trade in goods, services, intellectual property and investment are tackled.

The strategy and particularly the second pillar of the strategy was given a further impetus in 2007 with the launch of the Market Access Partnership (MAP), which brings together the European Commission (EC), national governments and businesses with the ultimate aim of removing barriers for EU exporters and investors on markets outside the EU. The MAP is built up of three main platforms of coordination for all key stakeholders: (1) The Market Access Advisory Committee (MAAC) and (2) Market Access Working Groups (MAWGs) on the EU side and (3) the local Market Access Teams (MAT) in third countries, established as diplomatic trade tools in third countries.

The local Market Access Teams (MAT), bring together the MAP partners based in the third country concerned. While the concept of a MAT is a flexible one, MATs can functionally be seen as mirroring the MAAC-structure in Brussels: from providing a general platform for coordination among the Commission and MS, involving business where needed, to creating specific thematic Working Groups when necessary. The format of a MAT does therefore range from regular trade counsellor's coordination meetings on market access issues (between Commission DEL and MS and involving business when appropriate) to very specific, working group-type meetings that focus on a special barrier or sector. While in some countries, this sort of coordination on trade barriers has already been well established (and served as best practice for new MATs), for other countries the launching of the Market Access Partnership has given a new impetus.¹

In-depth review of MAT in South Korea

As part of the overall evaluation of the MAP (including its main platforms), five countries were selected for a more in-depth review of the functioning of the MAT locally and within the context of the MAP. South Korea was one of the countries selected.

This review focused on the functioning of the MAT in South Korea. The methodology adopted for this review included desk-based research of existing documentation followed by in-depth interviews with a selected number of stakeholders in South Korea viz. the EU Delegation in South Korea (EUD), Embassies of Member States (MS) and the European business community in South Korea.

Field work for this review took place between 14-17 May, 2012.

The Ecorys team would like to thank all interviewees for their time and contributions.

¹ http://trade.ec.europa.eu/doclib/docs/2010/june/tradoc_146233.pdf

2 Background EU-South Korea Trade and Investment Relations

2.1 EU-South Korea trade and investment flows

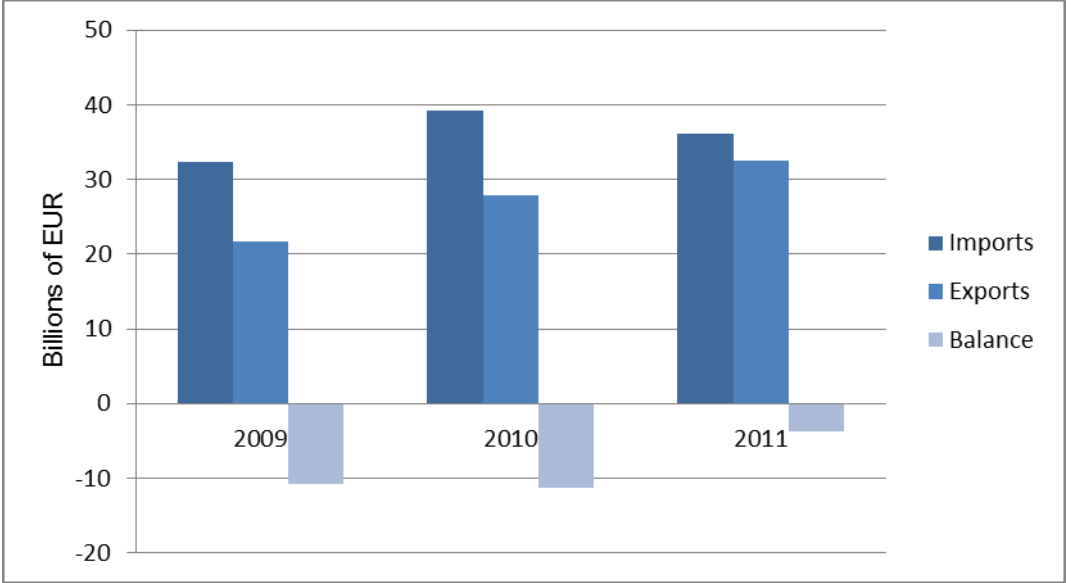
The EU and South Korea are important trading partners. In 2011 South Korea was the EU's tenth largest trade partner, while the EU was South Korea's third largest trade partners.

Trade in goods

Figure 2.1 below presents trade in goods between the EU and South Korea. The EU exports to South Korea have shown an annual growth rate of 7 percent between 2007 and 2011. In 2009, trade between both countries slowed down due to the global financial and economic crises. As becomes clear from the graph, trade recovered in 2010, as the EU exports increased by 29.5 percent, while imports increased by 21.5 percent compared to 2009. This trend continued for exports in 2011 (albeit at a slower rate), when EU goods exports to South Korea totalled EUR 32.4 billion in value (16 percent increase from 2010), while imports stood at EUR 36.1 billion (a decrease of 8 percent compared to 2010).

The EU27 has consistently recorded a trade deficit with South Korea, but this deficit has progressively fallen from EUR 18 billion in 2006 to EUR 3.7 billion in 2011. South Korea accounted for just over 2 percent of the EU27's total trade in goods in 2011, and was the EU27's 10th most important trading partner. This change demonstrates the growing importance of South Korea as a market for EU goods (and as we shall see below, services) and the more balance trade relation between the two blocks over time.

Figure 2.1 EU-South Korea trade in goods (billions of EUR)



Source: DG Trade

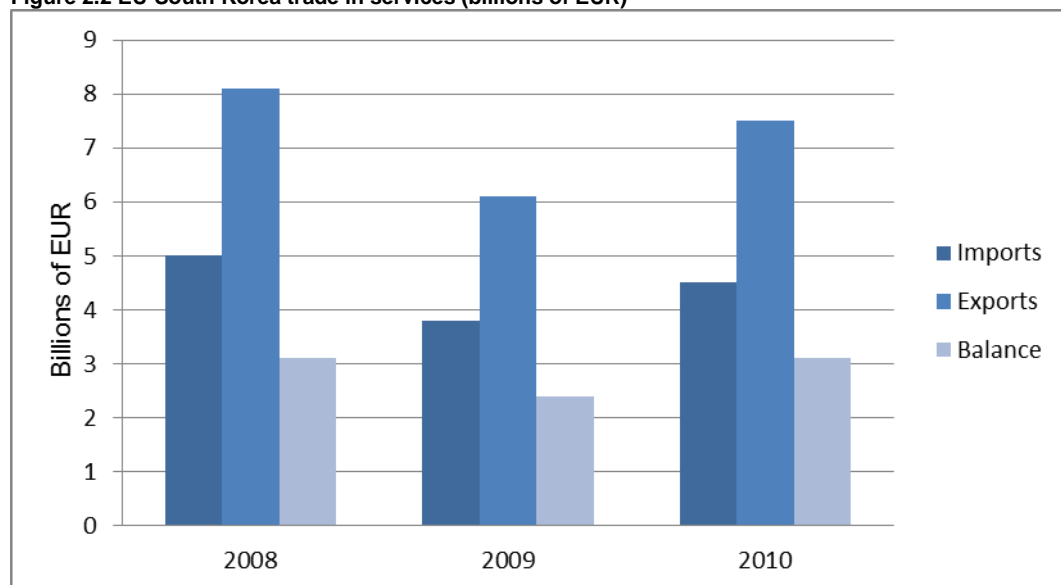
Trade between the two economies appears to concern a substantial amount of intra-industry trade, with the main EU exports to and imports from South Korea in 2011 concerning power/non-electrical machinery, chemicals, transport equipment, optical and photo equipment and base metals.

Among the EU27 Member States, Germany was by far the largest exporter to South Korea in 2011 (EUR 11.6 billions or 36% of EU exports), followed by France (EUR 4.2 billions or 13%), the Netherlands (EUR 3.7 billions or 11%), Italy (EUR 2.9 billions or 9%) and the United Kingdom (EUR 2.8 billions or 9%).

Trade in services

Figure 2.2 presents an overview of trade in commercial services between the EU and South Korea. In 2010, EU services exports to South Korea amounted to EUR 7.5 billion, while imports from South Korea amounted to EUR 4.5 billion. Contrary to trade in goods, the EU has a significant services trade surplus with South Korea. The EU provides to South Korea specialised services in such sectors as banking, financial and accounting services.

Figure 2.2 EU-South Korea trade in services (billions of EUR)



Source: DG Trade

Foreign Direct Investment

European companies are among the biggest investors in South Korea accounting for approximately EUR 30 billion in investments since 1962. The EU27 and South Korea FDI flows and stock over the period of 2008 – 2010 are summarised in Table 1.1. During this period both FDI inflows and outflows consistently increased, as did stocks. In 2010, the EU's investment flows to South Korea represented EUR 2.8 billion. South Korea's importance as an investor in the EU has been steadily increasing, with investment flows to the EU amounting to EUR 3.8 billion in 2010, surpassing EU investments in South Korea. The EU's investment stock in South Korea remains substantially larger than vice-versa, however, at EUR 39 billion in 2010, compared to inward investment stocks from South Korea to the tune of EUR 13.8 billion in that same year.

Table 2.1 EU - South Korea FDI flows and stocks 2008-2010 (billions of EUR)

Year	Inflows	Outflows	Inward Stocks	Outward Stocks
2008	-0.6	1.5	9.1	29.7
2009	1.6	0.9	11.3	31.4
2010	3.8	2.8	13.8	39.0

Source: DG Trade

2.2 Key trade and investment barriers in South Korea

Table 2.2 below summarises current trade barriers in South Korea as registered in the MADB. None of these barriers appear on the MAP key barriers list.

Table 2.2 MADB list of trade barriers in South Korea

Barrier	Sector	Description of barrier
Reclassification of paper products	Registration, Documentation, Customs Procedures	Until 2004 these products (Phenolic Surface Film overlays used to surface e.g. wood panels like plywood) manufactured by the EU companies were imported to Korea as a paper products. In 2004 the Korean customs authorities decided that the correct classification should place these products into the category of plastic products. The economic consequences of this change in classification has been the recollection of duty retroactively and the imposition of a duty of 6,5 %, instead of duty free treatment. The change of classification coincided with the implementation of the final step in the duty reduction for paper products as agreed under the Uruguay Round.
South Korea- Bovine products	Agriculture and Fisheries	<ul style="list-style-type: none"> • South Korea bans imports of beef and other products from Member States due to Bovine Spongiform encephalopathy (BSE) related restrictions. Some Member States who have applied already several years ago for exports of beef to Korea, have not received any feedback from Korea on the status of the progress of their applications. In view that Korea has resumed the import of other countries with the same OIE status, the EU considers the measures by Korea unjustified, discriminatory and not respecting OIE status. • The issue has been raised with Korea in previous Joint Committee meetings, High Level Trade meetings, in the bilateral meetings in the WTO SPS Committees as well. The EU has highlighted the issue in the general session of the WTO SPS Committee that WTO Members should respect the international standard setting bodies and not be discriminatory.
Korea- Pre-listing of establishments	Agriculture and Fisheries	Regarding approval of EU establishments of animal products eligible to export, Korea currently applies an approval system that has similarities with the EU system, with one major exception; Korea requests inspection of establishments by Korean competent authorities prior to approval. Transparency of this system, MoAF 8-step procedure, especially regarding the time frames should be improved. Secondly, the number of actual on site inspection of establishments in the EU is limited, and considered to be the bottleneck in the procedure. The approval procedure appears to be very lengthy and should also be more transparent (especially poultry and pig products).
Slow procedures on applications to allow import of new types of fruits and vegetables	Agriculture and Fisheries	South Korea follows a positive list approach in this area, i.e. any product not covered by legislation, is prohibited to import (until plant health requirements are set and new legislation introduced). <u>The EU import legislation follows a completely different scheme</u> , as requirements have been published for those products for which they apply, while any other plant product can be freely imported. According to international standards, where countries consider it necessary to study and possibly set the import requirements for new kinds of products, the pest risk analysis (PRA) should be done without

Barrier	Sector	Description of barrier
		<p>undue delay.</p> <p>New types/origins of fruits and vegetables are not allowed for import before the national authorities have set the phytosanitary requirements. The import requirements, based on a pest risk analysis PRA, are set in a 12-step procedure, which may take several years. Furthermore, the capacity to handle applications are limited, meaning that only a limited number of applications can be handled at the same time.</p>

Source: MADB (23-08-12)

It should be noted that this list does not include the key barriers that were addressed in the FTA negotiations. It expressly does not include these barriers as they are considered confidential and making them too widely known, which would compromise the EU's negotiating position.

While the US and South Korea have an FTA in place since 2010 (KORUS), according to the USTR (http://www.ustr.gov/webfm_send/2750) South Korea still maintains some MA barriers in a number of areas, including high tariffs on a number of high value agricultural and fishery products; tariff-rate quotas (TRQs) with in-quota tariff rates that may be very low or zero, but over-quota tariff rates that are often prohibitive; government procurement, specifically in relation to encryption technology for public procurement of VoIP (Voice over Internet Protocol) equipment; industrial subsidy policy, IPR protection; various barriers to services trade (e.g. in media, legal services, financial services and telecommunications); investment barriers, anticompetitive practices and issues related to transparency and regulatory reforms. While many of these issues were addressed in the KORUS, implementation and enforcement remain issues.

2.3 EU-South Korea trade and investment relations

Formal diplomatic relations between the EU and South Korea were established in 1963 and since then political and economic ties have gradually deepened. In 1996, the EU and South Korea signed the Framework Agreement for Trade and Co-operation and a Joint Declaration on the Political Dialogue, which provided a ground for bilateral relations while also establishing a formal framework of regular political dialogues². The Framework Agreement on Trade and Co-operation between the EU and South Korea entered into force in 2001³. The negotiation to upgrade this agreement, directed to strengthen bilateral relations between two economies, were successfully completed in 2010, followed by a signing of the renewed Framework Agreement (FWA) which was expected to enter into force in 2012⁴. This renewed agreement will foster further cooperation in sectors such as science and technology, innovation, education and environment. In addition this upgraded FWA is the overarching political cooperation agreement with a legal link to the FTA⁵.

In 1997, an agreement between the EU and South Korea on Co-operation and Mutual Administrative Assistance in Customs Matters came into force⁶. In addition, both countries jointly established a permanent forum for consultation aiming to share experience and views on competition policy and non-confidential information on competition law enforcement. In 2009, the

² Source: <http://bel.mofat.go.kr/english/eu/bel/bilateral/eu/index.jsp>

³ Source: Ibid

⁴ Source: Ibid

⁵ Source: Ibid

⁶ Source: http://eeas.europa.eu/delegations/south_korea/eu_rok/political_relations/index_en.htm

EU and South Korea signed a more specific cooperation agreement concerning the application of their competition laws to anti-competitive activities⁷. This agreement came into force on July 2009⁸.

The EU and South Korea finalised the negotiations for a FTA in 2009. The Agreement was signed on 6 October 2010 in Brussels. In the first months of 2011, the EU and South Korea completed all the procedures necessary for provisional application of the FTA as of 1 July 2011. The free-trade agreement between the two parties, has lifted the partnership on to a higher level and further deepens the relationship between the two blocks.

⁷ Source: DG Trade

⁸ Source: Ibid

3 The local Market Access Team – Set up and Process

3.1 History and composition

Launch and set-up of the MAT in South Korea

The Market Access Team (MAT) in South Korea (Korea) was formally set-up in December 2007 with the initiation of a special working group on SPS-TBT issues. A subgroup on alcoholic beverages was set-up in April 2008, which addressed issues concerning licensing and labelling for alcoholic beverages and approval of food additives. Additional groups were created in May and October 2009, as needs arose and also as a monitoring tool for when the FTA would be concluded. These separate Working Groups included: IPR, public procurement, cosmetics, health care, telecommunications, financial and non-financial services, chemicals and automotives.

Market access issues are regularly discussed with MS within monthly Economic Counsellors' meetings (ECM) and with MS and industry in separate ad hoc Market Access Working Group (MAWG) meetings.⁹ The EUD trade officer chairs the meetings. Initially the meetings were chaired by the directors of sectoral committees of the EU Chamber of Commerce in Korea (EUCCK). As the EUD felt the need for a more balanced representation and to be more strongly in the driving seat of the process, it took over the chair function from the EUCCK in 2009 and urged the latter to invite individual company representatives (of member companies) to the meetings as well (up till then the EUCCK was the sole representative of the business community in Korea within the MAT).

Next to MS and EUCCK representatives and members, other organisations are occasionally invited to the MAWG meetings as and when necessary and relevant. This includes for instance KRPIA (representing innovative pharmaceutical companies) and the foreign banking group.

Organisation and involvement of key stakeholders

As indicated, the EUD initiates, leads and chairs the MAT, playing a pivotal role between the local MA stakeholders and the Brussels based MAP structures (see further below).

The level of engagement of the various EU MS embassies varies, according to their internal capacity (some, especially larger MS such as Germany can rely more on their own structures to engage in lobbying activities, while smaller MS in particular often lack this capacity) and the specific issues dealt with (e.g. Netherlands and France more active in MAWG related to agricultural and food processing issues, while Germany more interested in automotives). Smaller MS may thus attend meetings mostly as a means to obtain information, while larger ones may see the MAT and MAWG more as a platform for strategizing.

How embassies operate locally also differs strongly, based mostly on specific (strategic) interests of the MS concerned. E.g. the Dutch embassy has specialised agricultural attaches from the Ministry of Agriculture, who take part in the SPS MAWG, the UK embassy also incorporates UK Trade and Investment (UKTI) aimed at trade promotion and assisting innovative SMEs in particular, while the German embassy leans heavily on its own German – Korean Chamber of Commerce. This may also influence their level of engagement in the MAT.

⁹ There is generally a MAWG meeting once a month or as and when needs arise, e.g. ahead of FTA Trade Committee meetings.

Organisation of the EU business community in South Korea

The EUCCK was formally established in 1986 and has approximately 850 members, mostly EU businesses. The Chamber is organised in 27 committees focusing on specific sectors. Each of these committees records a list of trade and investment barriers in South Korea every year, which are compiled in the so-called EUCCK White Paper and submitted to the Ministry of Foreign Affairs and Trade. The Ministry provides an official reaction to the report every year in the form of a written review containing a compilation of working-level reviews provided by relevant departments of the Government and edited by MoFaT.

The EUCCK conducts working group meetings with the Korean Government to address issues raised by its members and pays courtesy calls to Ministries and Government agencies to strengthen their ties. Between April 2011 and April 2012, for instance, 70 such meetings were organised. In addition the EUCCK conducts meetings with EU and EU MS government officials and trade organisations (this is outside the regular meeting in the context of the MAP). Between April 2011 and April 2012 a total of 20 such meetings were held. In addition the Chamber organises seminars, exhibitions and industrial tours and produces a number of publications each year, such as a business directory, monthly newsletters and online publications.

In 2006 the EUCCK established an SME Support Centre, which serves as a first contact point for European SMEs looking for information about the Korean market.

The EUCCK has offices in Seoul (main) and Busan, as well as a European office in Paris and is a member of the European Business Organisations Worldwide Network (EBO). While it has close links to the EU, it is not an EU institution, but a membership organisation driven by paying members (companies).

There are a number of other private sector organisations active in South Korea that represent (to some degree) EU businesses, although none are comparable in size and have an exclusive focus on European businesses. Examples are the Foreign Bankers Group and KRPIA, an organisation representing the interest of pharmaceutical and medical companies in Korea (national and international). These organisations do not participate in the MAP on a structural basis.

3.2 Focus and activities

The most important functions of the MAT include:

- Information gathering;
- Information sharing and exchange (especially important for smaller member states);
- Analysing (potential new) barriers;
- Strategising (especially important for larger MS with more capacity);
- Providing a link between the technical level (businesses) and political level (EU and Korean negotiations and high level meetings) and particularly the FTA negotiations and implementation phase.

Focal areas are mostly aligned to the FTA working committees and to an extent EUCCK WG. These are representative of on the one hand the key EU sectors present / exporting to South Korea and on the other hand the key MA issues encountered. There are 10 MAWG, including:

1. Automotives
2. Chemicals
3. SPS
4. Alcoholic beverages

5. Financial and non-financial services
6. Pharmaceuticals / medical devices
7. Cosmetics
8. Telecommunications
9. IPR
10. Public procurement

The barriers addressed are not on the key barriers list of the MAAC as published in the MADB (closed section), but this is mostly a consequence of the fact that the MADB list has not been updated in light of the FTA negotiations. Considering the strategic importance of South Korea as a market, the FTA implementation and the fact that some of the EU's most important industries (automotives, pharmaceuticals, food products and services) are represented in the MAT indicate that barriers addressed are of a strategic nature – although the importance of the issues will necessarily differ per MS.

3.3 Procedures, communication and information exchange

Procedures

While no formal procedures seem to be in place, the MAT operates according to a reasonably structured process, where the MAWG are mostly driven by the PS and serve to provide technical inputs for an initial list of barriers. This list is prioritised in the ECM meeting in consultation with the MS and then proposed to Brussels (MA unit and Trade Committees). It is unclear whether this information is submitted directly to the MAAC or to the MA unit. Either way, the MAT 'feeds' Brussels rather than the other way around and guidance from the MAAC appears quite loose. Occasionally the EUD Trade officer is requested to provide inputs and sit in (via teleconference) on a MAWG meeting in Brussels.

It is not clear what the exact criteria are for prioritisation, and several interviewees commented that while minutes of meetings were shared there was no formal strategy document outlining the EU strategy as regards MA issues in South Korea – or at least it was not known to them. In addition, feedback structures also do not seem well developed (see more below under communication).

As for the process of identifying, analysing and addressing MA issues, the following steps are usually taken:

Identification

There are several sources and channels through which (potential) barriers are identified. These include:

- 1) Through MS embassies: companies trying to export or invest in South Korea and/or importers often notify their embassy if they experience problems doing business in South Korea. The embassies consider whether the issues are relevant at EU level and if so, report to the ECM or discuss within the relevant MAWGs.
- 2) Through the EUCCK / companies.
- 3) Notifications under the TBT agreement (to which South Korea is a signatory and which it obeys quite well).

Intelligence thus is obtained from various channels and according to the EUD most of what is being identified (and subsequently addressed) concerns potential barriers and a lot of the MAT work is thus about preventing these.

According to one of the stakeholders interviewed, early warning as such also required regular contact and established relations with the Korean regulators and relevant Government agencies and institutions. This allows for the identification of planned legislation that could potentially form a MA barrier. It was unclear how structured this kind of interaction is.

Analysis

Several interviewees commented on the fact that the hardest thing about MA issues is that these concern complex behind the border issues that are often engrained in national policies and regulations, laid down in documents in Korean. As one interviewee put it “Often there are no apparent barriers to entry, but once you are here, you realise there are many hurdles to still overcome and it is not a level playing field.”

Therefore, to actually understand the issue and determine how and to which extent it forms a barrier requires careful analysis. The EUD has a staff-member working on this analysis of (potential) barriers and also employs interns to assist with this, as it concerns a substantial amount of work.

The EUCCK also conducts a lot of analysis, reflected clearly in their annual White Paper. Finally, individual companies or groups of companies (such as the foreign banking group) analyse the issues carefully and provide inputs as requested.

Prioritisation / strategising

Prioritisation and strategising is mainly done in the ECM with Member States, as it is at this level that the interests of the various MS and EU as a whole can be taken into account. But even in MAWGs, the EUD chair discusses with industry whether, how (at which level) and when to take up certain issues with the Korean counterparts.

With the FTA negotiations the geographical unit within DG Trade, which leads the negotiation process, obviously played an important role in prioritising and strategising.

It is not clear whether prioritisation is done according to a predefined set of criteria and according to one of the interviewees, “the considerations for prioritising appear more implicit than explicit” and “while there is a list it is not always clear whether this is being adhered to.” This points to a lack of feedback on what is actually done with the list and how it is updated.

The prioritised list as agreed with Member States in the ECM, is forwarded to the MAAC in Brussels by the EUD and is the proposed key barriers list for South Korea.

Action

Action is undertaken at various level and generally seems reasonably coordinated, especially since in the context of the FTA there is a clear platform for action and dialogue. However, the business community (EUCCK) as well as MS also continue to take action through their own channels. There does not appear to be a fully worked out strategic plan as regards actions to be taken and by whom, nor is it clear if all actions are fully coordinated. It appears in some cases MS or the EUCCK will operate alone if they consider the issue not to be relevant at EU level or insufficiently represented by the MAT.

All interviewees agreed, however, that there was improved coordination and cooperation among stakeholders.

What is clearly missing, however, as was echoed by different stakeholders, are clear feed-back mechanisms on what is done with the various inputs provided during MAWG and ECM meetings.

Cohesiveness

There appears to be a reasonable degree of cohesiveness about the decisions and actions taken. Member States are more active in the areas that are of strategic interest to them (specific MAWG) and generally face similar issues as other Member States and even as other third countries. According to one interviewee, cohesiveness on substance was usually high, however views on the tactics to apply [hence action] sometimes varied. It appears that in relation to strategizing, the EUD plays a strong role in coordinating views and formulating positions; because it is mandated to deal with trade policy it has the leverage to do so, although it works on the basis of inputs from stakeholders.

Most interviewees felt that insofar the issues addressed involved issues relevant at EU level there was strong cohesiveness, but instances were also noted where MS or the business representative organisation would 'go it alone.'

Communication process and tools

The key modes of communication locally include:

- Formal ECM and MAWG meetings, which are based on pre-defined agenda sent out prior to the meetings.
- The minutes of meetings shared (ECM only with MS).
- Regular communication through emails and personal contact.
- Events organised by the various stakeholders.

The communication flows between the different partners and the Brussels based structures and MS headquarters back in Europe can be summarised as follows:

1. The EUD communicates with the MAAC on a regular basis and with the MAWG upon request; locally they are the focal point of the MAT, organising and chairing both the ECM and the local MAWG, analysing MA barriers, preparing for trade committee meetings, leading the prioritisation exercise and drafting the key barriers list that is sent to the MAAC.
2. Embassies communicate with EUD and their HQs back home. Most will also have regular contact with the EUCCK. Communication with the MAWG in Brussels goes through their HQs and / or representations in Brussels.
3. The business community communicates directly with EUD through the EUCCK and other forums (e.g. foreign banking group, KRPIA), while individual companies often also work through their embassies (some, especially smaller ones, as the first point of contact, other as an additional channel). However, as the business community was already strongly organised prior to the formal establishment of the MAT, they still do a lot of lobbying through their own channels as well and it is not always clear to which extent this is clearly communicated and coordinated with the other MAT stakeholders.

Communication tools

While most MS were aware of the various communication tools of the MAP (the T&I report, flash-notes, and MADB in particular), many did not consult or read these on a regular basis. On the one hand it was argued that this was because enough information was available locally on the other hand some MS mentioned time constraints and an overload of documents to get through outside the MAP documents.

However, several also mentioned their interest and need for a central location where all information regarding discussion, actions, studies, etc. on MA issues in South Korea is stored, especially since many embassy (and EUD) staff rotate every few years, sometimes taking with them knowledge of what has been done in the past.

Private sector representatives were mostly unaware of the various tools, outside the T&I report.

4 The Local Market Access Team – Performance and Results

4.1 Key barriers addressed

As noted in chapter 2, none of the MA barriers to South Korea are on the key-barriers list. However, the list that was available in the MADB did not include all barriers addressed, as these were seen as too sensitive in the context of the FTA negotiations. The key issues are seen as evolving and although the EUD keeps an internal list, this is not published in light of the negotiations. It was unclear whether they would start updating the list again now that the FTA is in effect.

According to the interviewees, some of the main MA barriers that had been addressed in the past few years included MA issues in the automotives sector, in relation to food and SPS issues, cosmetics, pharmaceuticals and medical devices, IPR, public procurement and in the service sector – particularly in relation to retailing.

The EU tends to take a soft approach to trade diplomacy and rarely takes hard stances on issues as it prefers dialogue. Within the MAT there is careful consideration at what level to approach the issues. Bilaterally by MS, through EUCCK or even company levels, locally by the EUD, or via the FTA platform. In addition, all MAT partners seem to frequently engage with likeminded parties (notably US, Canada, New Zealand, and Australia) and coordinate actions with them as well.

All stakeholders still use their own channels as well, but all stakeholders seem to speak with one voice, in large part because of the MAP, which is seen as strengthening the message that is being sent.

What was not always clear in relation to negotiations / activity at EU level, however, for the other stakeholders in the MAP, was how issues were taken up exactly or what trade-off were made (possibly between sectors for instance). Several interviewees indicated that systematic feedback in this regard was missing.

4.2 Role of the MAP/MAT in monitoring the implementation of the FTA

The implementation phase of the FTA now on-going is to ensure that the mechanisms used are efficient and effective in providing market access for EU businesses in South Korea and Korean businesses in the EU. The first meeting of the newly created FTA Trade Committee took place in October 2011 and was chaired by EU Trade Commissioner De Gucht and South Korea's Trade Minister Kim. In December 2011, the first meeting of FTA Customs Committee took place. Meetings of the other bilateral Specialised Committees and Working Groups established by the FTA were scheduled starting from April 2012.

The MAT in South Korea evolved during the FTA negotiations, in part with a view to forming the main platform for monitoring of the FTA implementation once the negotiations concluded. At the moment a lot of the MATs work is done in the context of FTA, as it provides a strong and high-level platform for dialogue. The MAT and particularly the MAWG help prepare the trade committee meetings.

The evaluator joined one of the Services Working Group meetings, which was explicitly called in preparation of the first meeting of the Services Committee within the FTA. As an introduction to the meeting an update was given by the EUD on the state of affairs. Subsequently during the meeting all specific commitments on services in the FTA were considered point by point. The EUD invited participants from the business community to provide outlines of specific issues in the two main sub-sectors (legal and financial services) and in some cases Member States representatives added to this on the basis of information they had received from companies or professional organisations which had been in touch with them. The PS provided technical inputs, but also explained their position as to how to address the specific barriers identified. The EUD asked the various stakeholders if they feel the issues should be tabled during the Committee meeting and if so, how (e.g. as a question). The PS representatives were asked to articulate their positions in a written document and to send this to the EUD.

The discussions during the meeting thus focused on the one hand on the nature and details of specific MA barriers and on the other hand on how and when to flag the issue (if at all) and how to word it, translating the technical inputs into political / diplomatic positions.

One of the reasons, it was felt, that even with the FTA in place many issues still remained and should be addressed, is that the wording of some of the FTA text still leaves interpretation on the actual commitments that will be made by South Korea. This 'interpretative space' is likely to be taken up by national legislation and regulations that are hard to identify and flag as MA barriers, but act as such nonetheless.

All in all, the organisation of the meeting and the way it was conducted as well as the various topics that were discussed, point to the important role that the MAT plays in the monitoring of the FTA. A role that was seen by all stakeholders and particularly the EUD as one of its core functions in South Korea.

4.3 Key results achieved

The key results achieved by the MAT can be divided in results as regards the process (efficiency and to an extent effectiveness) and results as regards actual prevention / removal of MA barriers (effectiveness and impact).

The process for identifying, analysing and addressing key MA barriers has, in the view of all interviewees improved due to the MAT and the strong coordinating role of the EUD. The systematic inclusion of the PS, through the existing structures of the EUCCK was also seen as a strong point of the MAT. The MS interviewed felt that their interests were well represented, especially because the technical and very specific MAWG meetings. Among the PS stakeholders some negative sentiments were expressed about the level of engagement of the MS in the MAWG meeting and for many MS the meetings were indeed seen as a good way to stay informed on technical issues. However, the PS felt that some meetings thus became one-way traffic and as such add little value for them.

Results in terms of actual prevention / removal of MA barriers are less conclusive. There is no record being kept of such results and all stakeholders indicated it is not really possible to boast to openly about successes as it would offend the South Koreans. While this is understandable, some stakeholders also indicated they missed a source of information on key issues, fact-sheets, reports, etc. so at least an overview for what has been addressed and how.

In the interviews stakeholders were asked to refer to a case that was in their view a success story attributable (at least in part) to the MAT. Most referred to progress in relation to MA barriers in the food sector, and automotives, while the more thorny issues that have not seen much progress yet are in pharmaceuticals and the services sectors.

Success story: Lifting of ban on cheese

One of the MAT success stories in South Korea was published in a Market Access Flash-note on 30 July 2010¹⁰ and concerned the lifting of the ban on imported Emmenthal cheese from France. For a number of years Emmenthal cheese from France could not be exported to Korea on the basis of the levels of propionic acid. Indeed, the Korean legislation on food additives states a maximum level of 3g / Kg of propionic acid to be used in the manufacture of cheese. Emmenthal cheese imported from France often exceeded this level and was therefore refused entry into the Korean market. The EU had argued against considering propionic acid in Emmenthal cheese as a food additive since it occurs naturally as a result of the ripening process of the cheese. The European Commission in close co-operation with the EU Delegation in South Korea and the EU Member States, repeatedly expressed its concern about this unnecessary and unjustifiable trade restriction, which was not in line with international standards (Codex Alimentarius). Finding a solution with the Korean authorities proved quite difficult due to various reasons. However, the combined efforts of the European Commission and the French authorities proved fruitful and South Korea finally agreed to accept, from 1 July 2010, imports of French Emmenthal cheese accompanied by an additional certificate from the French authorities, stating that propionic acid has not been artificially added to the Emmenthal cheese. This was considered an important achievement as the market for EU cheese in South Korea is expected to grow at a faster rate by virtue of the new FTA between the EU and South Korea. In 2009, the EU exported almost 6,000 tons of cheese to South Korea with a value of over € 23 million to South. According to several of the interviewees, the key factors behind this success were the coordinated approach and close cooperation between the relevant MAT stakeholders, but also the fact that cheese as such is not a strategic product for the Koreans, and the concern on the part of the Koreans thus was really over health issues, which the EU successfully managed to disprove.

What the above success story indicates is that the strategic importance and purpose of the MA barrier from the perspective of the South Koreans plays an important part in how successfully these barriers can be addressed, while it also indicates that addressing MA issues is a matter of compromise. So in this case, the ban was lifted in return for additional certification from the EU side.

Other cases in which the successful removal or prevention of a MA issue was attributed (at least in part) to work of the MAP/MAT (as noted by interviewees) included in the automotives sector, food sector and organics. In relation to automotives, the partnership succeeded, in close cooperation with the Korean Car Association (KAIDA) in influencing the framework law on green growth to include emissions levels for cars that are similar to EU standards. This success was considered due to on the one hand the close cooperation between MAP stakeholders, together with KAIDA, as well as to the Korean demand for EU luxury cars.

In the foods sector regulations on certain supposed additives (also occurring naturally in foods) were reversed or prevented from going into law, while certification of organics companies was also considered to have been achieved due to the MAT, although third parties (like-minded countries) were also included.

¹⁰ The text is taken almost entirely from this flash-note: http://trade.ec.europa.eu/doclib/docs/2010/august/tradoc_146400.pdf

4.4 Added value of MAT

The added value of the MAT according to the EUD was that it focused all trade policy tools on a common objective: market access for EU businesses. As such it has made the Commission (DG Trade) and the EUD more 'business minded.' In addition the MAT helped structure and prioritise the work of the EUD staff in particular, which was welcomed given the high work-load for this relatively small staff (e.g. in comparison to trade staff in the US Embassy).

Most of the issues dealt with by the MAT appear to relate to potential barriers and so as an early warning system it seems to work quite well. Whether early notification makes it easier to address and prevent a barrier is not clear from the few interviews conducted for this case study.

The MAT essentially builds on existing structures, knowledge and networks and organises these more efficiently. This added value of the MAT was acknowledged by all interviewees, although not to the same extent.

The FTA and the MAT seem to be mutually reinforcing and in a way the MAT in South Korea can function as the pioneering model for monitoring of FTA implementation.

5 Key Findings and Conclusions

5.1 Key findings on functioning of the MAT and MAP in South Korea

Procedures and communication

While there are procedures in place for the identification, prioritisation and addressing (action) of MA barriers within the context of the MAT, and all interviewees seemed clear on their roles and responsibilities within the MAT, procedures are not laid down as such and in some cases this creates uncertainty, specifically as regards the way the inputs of the various stakeholders is taken up and used at EU level. Better feedback in this respect would be welcomed.

The MAWG identify and clarify to a large extent the key barriers that are being addressed, while the ECM is pivotal in prioritising / strategizing. All this is done under the strong coordinating role of the EUD. Despite the role of the ECM in strategizing, not all MS had a good view of what priority setting was based on and some felt that a clearer strategy and communication about this strategy would be helpful.

While none of the interviewees saw the need for a stronger involvement and more communication / guidance from the MAAC /MAWG, this may in part be a consequence of the fact that many stakeholders were not actually familiar with these platforms. Better communication about the overall structure of the MAP and its strategy was seen by several interviewees as potentially useful.

The MAT is not specifically exclusive as it is open to all MS and in principle to all EU businesses (albeit in some cases indirect via MS embassies and / or the EUCCK), however it was noted that inclusion of SMEs in particular was still a weak point. As these companies are generally less well represented in representative organisations and often not present in South Korea, they find it harder to make use of the existing channels and as a consequence, one of the interviewees noted, it is often harder to address issues in sectors that are dominated by SMEs.

Performance and results

The key results achieved by the MAT can be divided in results as regards the process (efficiency and to an extent effectiveness) and results as regards actual prevention / removal of MA barriers (effectiveness and impact).

The process for identifying, analysing and addressing key MA barriers has, in the view of all interviewees improved due to the MAT and the strong coordinating role of the EUD. The systematic inclusion of the PS, through the existing structures of the EUCCK was also seen as a strong point of the MAT. The MS interviewed felt that their interests were well represented, especially because the technical and very specific MAWG meetings. Among the PS stakeholders some negative sentiments were expressed about the level of engagement of the MS in the MAWG meeting and for many MS the meetings were indeed seen as a good way to stay informed on technical issues rather than to provide inputs.

Results in terms of actual prevention / removal of MA barriers are less conclusive. There is no record being kept of such results and all stakeholders indicated it is not really possible to boast to openly about successes as it would offend the South Koreans. While this is understandable, some

stakeholders also indicated they missed a source of information on key issues, fact-sheets, reports, etc. so at least an overview of what has been addressed and how.

Most progress in relation to MA barriers seems to have been made in the food sector, and automotives, while the more thorny issues that have not seen much progress yet are in pharmaceuticals and the services sectors. The success stories relate mostly to issues that are of limited strategic importance to the South Koreans or that were never erected with the intention of forming a barrier (and thus open for review and discussion).

The MAT seems reasonably successful in detecting MA barriers before they come into effect. However, early warning requires regular contact and relations with local counterparts and in the view of some stakeholders, this aspect could still be improved, although this would most likely pose a resource constraint on the EUD.

5.2 Key factors behind success

Some of the key factors behind the success of the MAT in South Korea include:

- Strong existing organisation and structures of EU business community, notably the EUKCC
- The link between the MAT and the FTA negotiations and agreement
- Cooperation with third countries
- Strong coordinating role of the EUD, providing a link between the technical and the political functions

Relative weaknesses remain in relation to feedback / detailed debriefing and information documentation.



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