Evaluation of the Implementation of the Free Trade Agreement between the EU and its Member States and the Republic of Korea

Inception Report
# TABLE OF CONTENTS

1. **INTRODUCTION** .................................................................................................................. 5
2. **OBJECTIVES AND SCOPE** ............................................................................................... 6
   2.1. **OBJECTIVES** .................................................................................................................. 6
   2.2. **SCOPE** .......................................................................................................................... 6
      2.2.1. **Geographical coverage and time period** ................................................................. 6
      2.2.2. **Approach and tasks** .............................................................................................. 6
3. **PROGRESS UPDATE** ........................................................................................................... 11
   3.1. **OVERVIEW OF APPROACH** ...................................................................................... 11
   3.2. **LITERATURE REVIEW** ............................................................................................... 11
   3.3. **DESIGNING THE CONSULTATION STRATEGY** ......................................................... 11
   3.4. **EXPLORATORY INTERVIEWS** ..................................................................................... 12
   3.5. **CONFIRMING PROPOSED CASE STUDIES** .............................................................. 14
   3.6. **DESCRIPTION OF THE EU-KOREA FTA** ................................................................. 14
   3.7. **REFINING THE INTERVENTION LOGIC OF THE EU-KOREA FTA** ......................... 14
   3.8. **FINALISING THE COMPOSITION OF THE SCIENTIFIC ADVISORY GROUP** .......... 14
   3.9. **PREPARING METHODOLOGICAL TOOLS** ................................................................. 15
   3.10. **SETTING UP THE EVALUATION WEBSITE** ............................................................. 15
   3.11. **NEXT STEPS** ............................................................................................................. 15
4. **DESCRIPTION OF THE EU-KOREA FTA** ........................................................................ 17
   4.1. **CONTEXT OF THE EU-KOREA FTA** ......................................................................... 17
      4.1.1. **EU trade context** ..................................................................................................... 17
      4.1.2. **Korean trade context** ............................................................................................. 18
      4.1.3. **EU-Korea trade relations** ....................................................................................... 19
   4.2. **THE EU-KOREA FTA - STRUCTURE AND CONTENT** .............................................. 20
      4.2.1. **Structure of the EU-Korea FTA** .............................................................................. 21
      4.2.2. **Content of the EU-Korea FTA** ................................................................................ 22
   4.3. **INSTITUTIONAL FRAMEWORK OF THE EU-KOREA FTA** ....................................... 31
      4.3.1. **Institutional provisions in the FTA** ........................................................................ 31
      4.3.2. **The FTA and the EU-Korea Framework Agreement** ............................................. 32
   4.4. **CONCLUSION** .............................................................................................................. 33
5. **LITERATURE REVIEWED** .................................................................................................. 34
   5.1. **TAGGING SYSTEM** ...................................................................................................... 34
   5.2. **DETAILED DOCUMENT REVIEW** .............................................................................. 35
6. **FRAMEWORK OF THE EVALUATION** ............................................................................ 42
   6.1. **REFINED INTERVENTION LOGIC** .............................................................................. 42
   6.2. **REFINED ANALYTICAL FRAMEWORK** ..................................................................... 44
7. **SCOPE, ASSUMPTIONS AND METHODOLOGY FOR MODELLING SIMULATIONS** ..... 50
   7.1. **OVERVIEW OF APPROACH** ...................................................................................... 50
   7.2. **DATA USED AND ASSUMPTIONS MADE** ................................................................. 50
      7.2.1. **General reservations and remarks** ........................................................................ 50
      7.2.2. **Data and assumptions** ........................................................................................... 51
   7.3. **METHODOLOGY FOR ECONOMETRIC ANALYSIS** ................................................. 53
   7.4. **METHODOLOGY FOR CGE MODELLING** ................................................................. 55
      7.4.1. **General remarks** .................................................................................................... 55
      7.4.2. **Modelling strategy** ................................................................................................ 55
      7.4.3. **Conventional equilibrium outcomes** ..................................................................... 56
      7.4.4. **Job creation and other social impacts** .................................................................. 56
      7.4.5. **Consequences for public finances** ....................................................................... 56
      7.4.6. **Environmental impact** .......................................................................................... 57
8. METHODOLOGY FOR OTHER ANALYSES

8.1. ANALYSIS OF THE IMPLEMENTATION OF THE FTA (Tasks 8.5, 8.6, 8.8 and 8.9) ........................................... 58
  8.1.1. Functioning of institutional setup ............................................................ 58
  8.1.2. Analysis of experiences of stakeholders .................................................... 59
8.2. SOCIAL IMPACTS (INCLUDING IMPACTS ON CONSUMERS, Tasks 8.10, 8.12b) ........................................... 59
  8.2.1. Analysis of surveys, interviews, and case studies ....................................... 59
  8.2.2. Quantitative analysis .................................................................................... 60
8.3. ENVIRONMENTAL IMPACTS (Task 8.12c) ......................................................... 60
8.4. IMPACT ON HUMAN RIGHTS (Task 8.13) ......................................................... 62

9. CONSULTATION STRATEGY

9.1. CONSULTATION SCOPE AND OBJECTIVES ....................................................... 63
9.2. MAPPING STAKEHOLDERS ............................................................................... 64
9.3. CONSULTATION METHODS AND ACTIVITIES ................................................. 70
  9.3.1. Online public consultation ........................................................................... 70
  9.3.2. Complementary surveys on SMEs and consumers ....................................... 70
  9.3.3. Interviews with experts and stakeholder representatives ............................ 70
  9.3.4. Stakeholder workshop .................................................................................. 71
  9.3.5. Website ........................................................................................................ 72

10. CONDUCTING CASE STUDIES ON THE IMPACT OF THE EU-KOREA FTA ON SUSTAINABLE DEVELOPMENT AND HUMAN RIGHTS ........................................... 75

10.1. SELECTING THE CASE STUDIES ...................................................................... 75
10.2. DETAILED DESCRIPTIONS OF CASE STUDIES ........................................... 77
10.3. IMPLEMENTING THE CASE STUDIES ............................................................. 86

11. MANAGEMENT OF THE WORK ........................................................................... 87

11.1. WORK PLAN .................................................................................................... 87
11.2. RISK MANAGEMENT ....................................................................................... 91
1. INTRODUCTION

The Directorate General for Trade (DG TRADE) of the European Commission has commissioned an evaluation on the implementation of the Free Trade Agreement (FTA) between the EU and its Member States and the Republic of Korea to Civic Consulting (subcontractor: the Ifo Institute). This report is the first deliverable of the evaluation.

The EU-Korea FTA was provisionally applied on 1 July 2011, and formally entered into force on 13 December 2015. It is so far the most ambitious FTA ever implemented by the EU, and it is the first FTA concluded by the EU with an Asian country.

At present, most provisions of the FTA have been applied. As highlighted in the Terms of Reference (TOR) of this project, it is important to conduct an interim evaluation of the implementation of the EU-Korea FTA, as the lessons learned could help improve the design of other EU FTAs that are currently being negotiated, as well as inform the implementation of EU FTAs that have recently been concluded.

In light of the above, and as outlined in the TOR, this evaluation will examine:

- The effectiveness and efficiency of the EU-Korea FTA in view of achieving its objectives;
- The relevance of the EU-Korea FTA regarding current trade issues faced by both parties;
- The coherence of the EU-Korea FTA with the EU-Korea Framework Agreement and with the objectives EU-Korea trade policy; and
- The impact of the implementation of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights.

This inception report is the evaluation’s first deliverable. Its main purpose is to present the work conducted in the first phase of the evaluation, the updated methodological approach and the next steps. The report is structured as follows:

- Section 2 presents the objectives and scope of the evaluation
- Section 3 describes the work performed during the inception phase
- Section 4 provides a description of the EU-Korea FTA
- Section 5 presents the literature reviewed
- Section 6 presents an updated evaluation framework
- Section 7 describes the scope, assumptions and methodology for the modelling simulations
- Section 8 presents the methodology for other specific analyses
- Section 9 presents an updated consultation strategy and the tools to be used
- Section 10 describes the case studies to be conducted
- Section 11 presents an updated work plan

The Annex to this report presents the statistical data collected thus far for the case studies and an overview table of all literature reviewed.
2. OBJECTIVES AND SCOPE

This section outlines the objectives and scope of the study. It then describes the approach of the study and presents the tasks and subtasks that will be completed, as stated in the TOR.

2.1. Objectives

According to the TOR, the purpose of this project is to provide an interim evaluation of the implementation of the EU-Korea FTA, which will form the basis for a Staff Working Document of the Commission. In particular, the evaluation will examine the effectiveness and efficiency of the EU-Korea FTA in view of achieving its objectives, the relevance of the EU-Korea FTA regarding current trade issues faced by the EU and Korea, and the coherence of the EU-Korea FTA with the EU-Korea Framework Agreement and with the objectives of the EU trade policy.

In addition, the evaluation aims to analyse the impact of the implementation of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights. The evaluation will also provide an in-depth ex-post analysis of the effectiveness of the EU-Korea FTA, in line with the European Commission's new trade strategy "Trade for All".

2.2. Scope

The evaluation will cover all areas of the EU-Korea FTA except those which have not yet been applied pending the final conclusion of the FTA, i.e. certain provisions of the Protocol on Cultural Cooperation and the criminal enforcement provisions with respect to the protection of intellectual property rights (IPR).

2.2.1. Geographical coverage and time period

The evaluation will cover the impact of the EU-Korea FTA in the EU and, to a certain extent, in Korea, with the main focus being on the EU and its Member States. A separate study being commissioned by the EU Delegation in Seoul aims to focus on the impact of the EU-Korea FTA in Korea.

The evaluation will cover the period from the date of the start of the provisional application of the EU-Korea FTA (1 July 2011) until the date of the latest available data. In order to capture the impact of the implementation of the FTA, the evaluation will also examine data going back a minimum of five years prior to the implementation of the FTA (i.e. considering data from at least 1 July 2006).

2.2.2. Approach and tasks

The TOR emphasise that the evaluation shall provide well-supported assessments based on objective analysis and consequent conclusions and recommendations. To this end, sound quantitative and qualitative analyses should be conducted, with use of the most up-to-date modelling techniques, indicators and databases. Case studies and stakeholder consultations should also be carried out.

Additionally, the TOR highlights the following:

- Distinguishing the effects of the implementation of the FTA from other factors affecting trade between the EU and Korea, such as the financial crisis or the
implementation of agreements concluded between Korea and other trade partners (e.g. the Korea-US FTA);

- Leveraging the Trade Sustainable Impact Assessment ("SIA") of the EU-Korea FTA carried out in 2007-2008, which provides an in-depth analysis of the potential impacts of the future EU-Korea FTA and examining whether and to what extent those impacts have taken place;
- Avoiding duplication of work and studies carried out so far.

The TOR defines 10 main tasks, several of which consist of multiple sub-tasks. In total, there are 37 tasks (including sub-tasks and evaluation items) structured into the inception phase (5 tasks) and implementation phase (5 tasks, with a total of 27 sub-tasks and evaluation items. They are described in more detail in the table below.
### Table 1: Overview of tasks for the evaluation of the implementation of the EU-Korea FTA

<table>
<thead>
<tr>
<th>Phase</th>
<th>Task</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception</td>
<td>1</td>
<td>Comment on and revise, if necessary, the intervention logic</td>
</tr>
</tbody>
</table>
|         | 2    | Define and develop the evaluation tools | - Identify information sources;  
- Establish a list of relevant indicators;  
- Define the scope, the assumptions and the methodology for modelling simulations;  
- Establish a consultation strategy and develop consultation tools;  
- Propose a methodology for the conduct of the case studies;  
- Outline the main risks/challenges to the project and propose concrete ways to address them. |                                                                                                                                                                                  |
|         | 3    | Review the existing studies and reports | - Summarise the results of reports and studies regarding trade between the EU and Korea;  
- Provide information on methods and data used.                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                  |
|         | 4    | Provide a concise but comprehensive description of the EU-Korea FTA | Also provide:  
- Context in which it operates;  
- Institutional structure;  
- Implementation and its interaction with other instruments, including the EU-Korea Framework Agreement and other trade agreements of the EU and Korea or other policies. |                                                                                                                                                                                  |
|         | 5    | Create a website dedicated to the evaluation | Home page with summary on the state of play of the evaluation process and all evaluation-related information, including:  
- Link to the Roadmap;  
- Information on stakeholder consultations, including the consultation strategy;  
- Planned dates of various consultation activities, the contributions by the |                                                                                                                                                                                  |
<table>
<thead>
<tr>
<th>Stakeholder consultations</th>
<th>Stakeholder consultations</th>
<th>Stakeholder consultations</th>
</tr>
</thead>
<tbody>
<tr>
<td>stakeholders to different consultations;</td>
<td>• Summary minutes, speeches or presentations from stakeholder events;</td>
<td>• Summary minutes, speeches or presentations from stakeholder events;</td>
</tr>
<tr>
<td>• Final versions of all reports produced by the evaluation.</td>
<td>• Final versions of all reports produced by the evaluation.</td>
<td>• Final versions of all reports produced by the evaluation.</td>
</tr>
</tbody>
</table>

**Implementation**

<table>
<thead>
<tr>
<th>Stakeholder consultations</th>
<th>Stakeholder consultations</th>
<th>Stakeholder consultations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The consultation must include:</td>
<td>• 12-week online public consultation;</td>
<td>• 12-week online public consultation;</td>
</tr>
<tr>
<td>• Targeted surveys, interviews, roundtables, workshops, etc.;</td>
<td>• Representative survey on the impact of the EU-Korea FTA on SMEs;</td>
<td>• Representative survey on the impact of the EU-Korea FTA on SMEs;</td>
</tr>
<tr>
<td>• Representative survey on the impact of the EU-Korea FTA on consumers.</td>
<td>• Representative survey on the impact of the EU-Korea FTA on consumers.</td>
<td>• Representative survey on the impact of the EU-Korea FTA on consumers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conduct case studies</th>
<th>Conduct case studies</th>
<th>Conduct case studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 case studies to capture the impact of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights. One or several of the case studies shall in particular contribute to the analysis of the impact on: employment in the EU and its Member States; EU SMEs; EU markets’ functioning and sectoral competitiveness; and, EU consumers.</td>
<td>8 case studies to capture the impact of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights. One or several of the case studies shall in particular contribute to the analysis of the impact on: employment in the EU and its Member States; EU SMEs; EU markets’ functioning and sectoral competitiveness; and, EU consumers.</td>
<td>8 case studies to capture the impact of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights. One or several of the case studies shall in particular contribute to the analysis of the impact on: employment in the EU and its Member States; EU SMEs; EU markets’ functioning and sectoral competitiveness; and, EU consumers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carry out specific analyses that shall be integrated into the replies to the evaluation questions</th>
<th>Carry out specific analyses that shall be integrated into the replies to the evaluation questions</th>
<th>Carry out specific analyses that shall be integrated into the replies to the evaluation questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 8.1. Analyse the evolution of trade in goods between the EU and Korea</td>
<td>• 8.2: Analyse econometrically the relationship between the implementation of the EU-Korea FTA and the development of bilateral and overall trade of the EU and Korea</td>
<td>• 8.3: Analyse the evolution of trade in services and FDI between the EU and Korea</td>
</tr>
<tr>
<td>• 8.4: Identify the non-tariff measures affecting EU-Korea trade</td>
<td>• 8.4: Identify the non-tariff measures affecting EU-Korea trade</td>
<td>• 8.5: Analyse the effects (if possible, in economic terms too) of the implementation of the customs-related provisions</td>
</tr>
<tr>
<td>• 8.8: Identify regulatory changes undertaken by the EU and Korea due to the implementation of the FTA, assess elements of regulatory convergence and analyse the impact on regulatory costs on administrations and businesses</td>
<td>• 8.8: Identify regulatory changes undertaken by the EU and Korea due to the implementation of the FTA, assess elements of regulatory convergence and analyse the impact on regulatory costs on administrations and businesses</td>
<td>• 8.9: Analyse the impact of the EU-Korea FTA on SMEs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carried out specific analyses that shall be integrated into the replies to the evaluation questions</th>
<th>Carried out specific analyses that shall be integrated into the replies to the evaluation questions</th>
<th>Carried out specific analyses that shall be integrated into the replies to the evaluation questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 8.9: Analyse the impact of the EU-Korea FTA on SMEs</td>
<td>• 8.9: Analyse the impact of the EU-Korea FTA on SMEs</td>
<td>• 8.9: Analyse the impact of the EU-Korea FTA on SMEs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>8.10: Analyse the impact of the EU-Korea FTA on consumers</td>
<td>8.11: Analyse the impact of the EU-Korea FTA on the EU budget</td>
<td>8.12: Analyse the effect of the implementation of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, with sub-tasks a) effects of the implementation of the trade and sustainable development chapter b) impact on employment, wages, and household income c) environmental impacts</td>
</tr>
<tr>
<td>8.13: Examine the impact of the EU-Korea FTA on human rights</td>
<td>8.14: Consider the significance of the informal economy, and if it is considerable, distinguish the FTA’s impacts in the formal economy from those occurring in the informal economy</td>
<td>8.15: Analyse the impact of the EU-Korea FTA on developing countries and Least Developed Countries (LDCs)</td>
</tr>
</tbody>
</table>

9 | Reply to the evaluation questions | Effectiveness:  
|   |   | EQ 1: To what extent have the objectives as laid down in Article 1.1(2) of the EU-Korea FTA been achieved?  
|   |   | EQ 2: Has the EU-Korea FTA had unintended side effects, and if so, which ones?  
|   |   | Efficiency:  
|   |   | EQ 3: To what extent has the EU-Korea FTA been efficient with respect to achieving its objectives?  
|   |   | Coherence:  
|   |   | EQ 4: To what extent has the EU-Korea FTA been coherent with the EU-Korea Framework Agreement and with current EU trade policy?  
|   |   | Relevance:  
|   |   | EQ 5: To what extent are the provisions of the EU-Korea FTA relevant for addressing current trade issues faced by the EU and Korea?  

10 | Provide conclusions and recommendations | Conclusions and recommendations will be based on the analysis carried out under the previous tasks.  

*Source: Civic Consulting, based on TOR.*
3. PROGRESS UPDATE

This section presents the work that has been completed in the inception phase, as well as the next steps to be taken.

3.1. Overview of approach

In the inception phase, we focused our resources on the issues of the highest concern to DG TRADE and ensured that all members of the evaluation team developed a clear understanding of its needs and priorities, in addition to updating our approach for the implementation phase.

Specifically, we undertook the following methodological steps throughout the inception phase:

- Literature review;
- Designing the consultation strategy;
- Exploratory interviews;
- Confirming proposed case studies;
- Writing a description of the EU-Korea FTA;
- Refining the intervention logic of the EU-Korea FTA;
- Finalising the composition of the scientific advisory group;
- Preparing methodological tools; and,
- Setting up the evaluation website.

Detailed descriptions of the work completed for each of the above steps are presented in the sub-sections below.

3.2. Literature review

In order to avoid duplicating previous work and studies, as well as build upon existing knowledge concerning the substance of the FTA and relevant methodologies, we reviewed a number of existing studies and reports that focused on the EU and Korea, as well as trade in general.

With the help of the scientific advisory group, we first identified prior studies and reports concerning trade between the EU and Korea. We also obtained documents specifically relevant to the EU-Korea FTA, such as the Commission’s annual reports on the implementation of the FTA. Finally, we identified literature pertinent to developing the methodology of this evaluation.

Following the identification of all relevant literature, we developed a tagging system and uploaded all documents in a dedicated database for ease of access throughout the evaluation. We then reviewed and summarised all key documents.

More details regarding our tagging system, as well as the results of our review of key documents are presented in section five of this report.

3.3. Designing the consultation strategy

We designed our consultation strategy according to the following steps.

We first defined the general objectives of the consultation in accordance with the objectives listed in the TOR, as well as the specific objectives associated with each
consultation step. We then identified relevant stakeholders in the public sector, private sector and civil society in the EU and Korea and grouped them according to their level of relevance for the EU-Korea FTA.

As a next step, we drafted the consultation process and developed the methodological tools (e.g. questionnaires) needed to carry out the consultation. We also elaborated upon the role of the evaluation website that has been developed and created an outline for the website. Finally, we decided upon the process that will be used to communicate with stakeholders to ensure transparency.

Our consultation strategy is presented in section nine of this report.

3.4. Exploratory interviews

As of August 5, 2016, a total of six exploratory interviews had been conducted with selected stakeholders and experts, with several more interviews planned to take place during the implementation phase. The table below lists the interviews that have been conducted thus far.

Table 2: Exploratory interviews conducted as of August 5, 2016

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Main emphasis of interview</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea Labour Institute</td>
<td>• Trade and sustainable development chapter of FTA</td>
<td>July 18, 2016</td>
</tr>
<tr>
<td>BusinessEurope</td>
<td>• Trade and sustainable development chapter of FTA</td>
<td>July 18, 2016</td>
</tr>
<tr>
<td></td>
<td>• Impact of FTA on European businesses</td>
<td></td>
</tr>
<tr>
<td>EU Delegation to Seoul</td>
<td>• Market access under the FTA</td>
<td>July 21, 2016</td>
</tr>
<tr>
<td>DG TRADE</td>
<td>• Institutional framework of FTA</td>
<td>July 22, 2016</td>
</tr>
<tr>
<td>European Trade Union Confederation</td>
<td>• Trade and sustainable development chapter of FTA</td>
<td>August 2, 2016</td>
</tr>
<tr>
<td>European Automobile Manufacturers’ Association</td>
<td>• Impact of FTA on the European automobile sector</td>
<td>August 3, 2016</td>
</tr>
</tbody>
</table>

Source: Civic Consulting.

The interviews were aimed at developing a broader understanding of the implementation of the EU-Korea FTA, and in certain cases, a better understanding of an area covered by the case studies. The main topics of the interviews included:

- The effectiveness of the FTA in reaching its various objectives;
- The main effects of the implementation of various areas of the FTA;
- The impact of the FTA on various stakeholder groups; and,
- Unintended side effects and desired improvements for the FTA.

The full questionnaire for the exploratory interviews is presented below.
Questions for exploratory interviews

Please consider only questions that are relevant to you.

1. Please introduce yourself and your organisation.

2. Considering that the FTA has been provisionally applied since 2011, what is your view concerning the effectiveness of the agreement? Please specify the extent to which you think that the FTA has reached its objectives, including:
   a. Liberalisation and facilitation of trade in goods, services and investment;
   b. Promotion of competition;
   c. Further liberalisation of government procurement markets;
   d. Protection of intellectual property rights (IPRs);
   e. Removal of trade barriers;
   f. Promotion of foreign direct investment; and,
   g. Integration of the objective of sustainable development in these areas.

3. Has the FTA sufficiently addressed non-tariff measures affecting EU-Korea trade? In your view, are any remaining non-tariff barriers due to non-implementation or poor implementation of the provisions of the FTA? Which sectors are mainly affected, if any? Do you consider that there are ways to mitigate the impacts of non-tariff barriers, including by using the tools provided by the FTA?

4. In your opinion, what are the main effects of the implementation of the customs-related provisions of the EU-Korea FTA? Relevant provisions include: administrative cooperation, management and use of preferences, rules of origin, duty drawback, management of TRQs, agricultural safeguard measures, approved exporter status and the direct transport provision.

5. In your opinion, what are the main effects of the implementation of other areas of the EU-Korea FTA? Relevant areas include: provisions on e-commerce, competition and protection of IPRs (including geographical indications), the functioning of the institutional set-up, the dispute settlement mechanism and the mediation mechanism of the FTA.

6. Have regulatory changes undertaken by the EU and Korea due to the implementation of the EU-Korea FTA been sufficient?

7. How do you assess the impact of the EU-Korea FTA on: a) exporters and importers in the EU and Korea in general b) SMEs c) consumers?

8. Has the EU-Korea FTA had unintended side effects, and if so, which ones?

9. How do you assess the effects of the implementation of the trade and sustainable development chapter in the EU-Korea FTA regarding its economic, social and environmental dimensions? Are there specific social impacts, including regarding human rights? Are there specific environmental impacts that you are aware of?

10. Could the EU-Korea FTA be improved, including in terms of scope, implementation and institutional structure?

11. Could you recommend any documentary evidence or other potential interviewees we should consult to obtain further information?

Source: Civic Consulting.
3.5. Confirming proposed case studies

We will conduct case studies to capture the impact of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights. Specifically, we will conduct the below eight case studies, which provide sectoral and cross-cutting perspectives that cover potentially affected sectors as well as institutional aspects of the FTA:

- Automotive sector (passenger cars with small and large sized engines);
- Consumer electronic goods;
- Agricultural sector;
- Environmental goods and services;
- Postal sector;
- Implementation of institutional mechanisms of the Trade and Sustainable Development chapter;
- Use of tariff preferences under the FTA; and,
- Rules of origin.

The criteria we used to select these case studies, along with their scope, aim and implementation, are discussed in further detail in section ten of this report.

3.6. Description of the EU-Korea FTA

We prepared a comprehensive description of the EU-Korea FTA, including the context in which it operates, its institutional structure, its implementation and its interaction with other instruments and policies. The description was informed in part by our literature review and the exploratory interviews we conducted. Overall, this exercise deepened our understanding of the agreement and will feed into further analyses throughout the evaluation.

Our description of the EU-Korea FTA is presented in section four of this report.

3.7. Refining the intervention logic of the EU-Korea FTA

The Commission developed an indicative intervention logic for the EU-Korea FTA that illustrated how the FTA, through its operational, specific and intermediate objectives, is intended to achieve the general objective pursued by trade liberalisation.

Considering the results of discussions with DG TRADE and the exploratory research, we determined that major changes to the original intervention logic were not required. We made slight refinements and added more detail to the original version in order to better inform our design of subsequent aspects of evaluation. This revised intervention logic is presented in section six of this report.

3.8. Finalising the composition of the scientific advisory group

The list below presents the selected candidates who have confirmed their willingness to participate in the expert group, pending final confirmation from DG TRADE:

- Dr Lorand Bartels (Expert international human rights law and international environmental law)
- Prof Innwon Park (Economist, quantitative and qualitative analysis on regional trade agreements, expert on Korean context)
Prof Christoph Herrmann (expert in European and international economic law, WTO law)
- Prof Chang Woon Nam (Economist specialised in public finance, regional science and Asian economy, South and North Korea relationship)
- Dr David Kleimann (international/regional trade law expert, institutional analysis of trade commitment implementation)

The individual profiles of the experts and their CVs have been presented in detail in the offer of this study. The members of the scientific advisory group will complement the core team's expertise in evaluation and economic, social and environmental impact assessment of trade agreements through their expertise on the Korean context and the legal, regulatory and institutional dimensions of the FTA by providing methodological advice and comments.

3.9. **Preparing methodological tools**

Based on our exploratory research, literature review and our finalised analytical framework for the evaluation, we updated our methodological approach and have prepared the following draft methodological tools for the evaluation:
- Document database;
- Questionnaire for the online public consultation on the “Your voice in Europe” web portal;
- Questionnaire for the survey on the impact of the EU-Korea FTA on SMEs;
- Questionnaire for the survey on the impact of the EU-Korea FTA on consumers; and,
- Interview guides for in-depth evaluation interviews/case studies.

The above tools are presented in their corresponding sections of this report, and will be applied in the next stage of the evaluation upon final approval from DG TRADE.

3.10. **Setting up the evaluation website**

In parallel to drafting the consultation strategy, we developed the evaluation website for the study. The website (which will be accessible via the domain name www.eukorea-eval.com) informs interested stakeholders about the evaluation and facilitates their contribution to it (e.g. by providing links to the various surveys). The website provides all content as required by the TOR, including *inter alia* the dates of various consultation activities, stakeholder contributions, and all final reports.

More details on the evaluation website are presented alongside the consultation strategy in section nine of this report.

3.11. **Next steps**

Key next steps for the implementation phase (i.e. tasks 5-10 of the TOR) are presented below. Details regarding the timing of these steps are presented in section eleven of this report.

- **Implementing the consultation strategy (task 6):** The stakeholder consultations will involve online public consultation, surveys on SMEs and consumers, in-depth interviews, and a stakeholder workshop. More details on the consultations can be found in section nine of this report.
• **Conducting the case studies (task 7):** We will conduct eight case studies to capture the impact of the FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights, as described in sub-section 3.6 above. More details on the case studies can be found in section ten of this report.

• **Conducting specific analyses (task 8):** We will carry out 15 specific analyses that can be broadly categorised according to the following: descriptive analysis, econometric ex-post analysis, CGE-general equilibrium analysis, and qualitative analysis. More details on the specific analyses can be found in section seven of this report.

• **Addressing evaluation questions (task 9):** We will synthesise and triangulate the evidence collected throughout the study and the output of the specific analyses in order to answer the following evaluation questions:
  o **EQ1:** To what extent have the objectives as laid down in Article 1.1(2) of the EU-Korea FTA been achieved?
  o **EQ2:** Has the EU-Korea FTA had unintended side effects, and if so, which ones?
  o **EQ3:** To what extent has the EU-Korea FTA been efficient with respect to achieving its objectives?
  o **EQ4:** To what extent has the EU-Korea FTA been coherent with the EU-Korea Framework Agreement and with current EU trade policy?
  o **EQ5:** To what extent are the provisions of the EU-Korea FTA relevant for addressing current trade issues faced by the EU and Korea?

• **Providing cross-cutting analysis and recommendations (task 10):** Under this task, we will analyse the results obtained from answering the evaluation questions before arriving at final overall conclusions and developing recommendations regarding potential areas for improvement, which will be presented in the final report.
4. DESCRIPTION OF THE EU-KOREA FTA

This section provides a brief description of the EU-Korea FTA, including the context in which it operates, its various provisions and institutional structure, and its interaction with other instruments such as the EU-Korea Framework Agreement. This description will be updated in the next phase of the evaluation as more information is gathered regarding the implementation of the FTA.

4.1. Context of the EU-Korea FTA

4.1.1. EU trade context

European trade policy has its origins in the 1957 signing of the Treaty of Rome.\(^1\) Subsequent treaties expanded EU competence from trade in goods to areas such as services and intellectual property,\(^2\) with the 2009 entry into force of the Lisbon Treaty ultimately providing the Union with exclusive competence over bilateral and multilateral negotiations regarding comprehensive investment agreements.\(^3\)

Bilateral trade was announced as a priority for the EU in the 2006 communication “Global Europe: competing in the world”. In addition to remaining engaged in multilateralism via the WTO, this communication emphasised negotiating FTAs in order to address important issues such as IPR, services, investment, public procurement and competition. The communication emphasised that FTAs were to be comprehensive and ambitious, going beyond WTO obligations so as to set a precedent for eventual multilateral trade liberalisation.\(^4\) Korea was identified as a priority partner for EU FTA negotiations, given its large market potential, high level of protection with respect to imports from the EU and active negotiations with trade competitors of the EU.\(^5\)

The EU’s most recent trade and investment strategy—“Trade for all”—was announced in October 2015. This strategy was developed in light of the growing importance of international trade as a source of job creation and enterprise growth in the European economy. It emphasises securing a European foothold in global supply chains as well as adjusting to trade in the digital age; it also touches upon the issues of procurement, competition, e-commerce, protecting innovation and regulatory cooperation. Additionally, it announces a commitment to greater transparency in regards to trade negotiations, as well as a commitment to using EU trade policy to promote sustainable development and human rights.\(^6\)

In addition to its engagement in the Doha Round as a WTO member, the EU has put forth an agenda of bilateral trade deals as part of its broader trade strategy. Currently, one-third of EU trade consists of such bilateral FTAs, among them the EU-Korea FTA. The FTAs in this “new generation” of agreements are comprehensive in scope and focus on substantially liberalising all trade. This focus on bilateral agreements as a complement to the multilateral trade system allows the EU economy to better benefit from trade and investment abroad.\(^7\)

---

5. Ibid, 11.
In Asia, the conclusion of the EU-Japan FTA is a key objective; resuming its stalled FTA negotiations with India and launching negotiations with Australia and New Zealand are also priorities. Revising the EU-Korea FTA to include provisions on investment following the entry into force of the Lisbon Treaty is also of importance. In Latin America, EU focus is on continuing FTA negotiations with Mercosur and modernizing the current FTAs with Mexico and Chile. In general, the EU also looks towards including mechanisms in future FTAs that will allow interested third countries to join.

4.1.2. Korean trade context

Beginning in the 1950s and for several decades thereafter, Korean trade policy was heavily export-driven and characterised by government support to key industries, such as the petrochemical, steel, semiconductor, shipping and shipbuilding industries. Korea began to liberalize its economy in the 1980s with the introduction of the Comprehensive Liberalization Policy and continued to deregulate throughout the 1990s.

For a time, Korean trade policy focused exclusively on multilateral negotiations in the framework of the WTO. However, Korea turned its focus towards FTAs with the 2001 launch of the Doha round in an effort to increase its national competitiveness, secure overseas markets for its export-driven economy, and obtain steady sources of energy and raw materials. This focus on FTAs also provided a greater impetus for Korea to push through important structural reforms, away from government-led policy towards market openness and deregulation. Korea concluded negotiations for its first FTA with Chile in 2002, and has since completed FTAs with several politically and economically significant partner countries, including Singapore, India, the EU and the USA. Currently, Korea's trade policy is focused on securing comprehensive, high-quality FTAs with other countries.

This focus on FTAs has been successful in liberalizing Korea’s domestic market, particularly for the automobile, agriculture and services sectors. The success of previously-concluded FTAs in boosting exports has also contributed to growing support and demand for FTAs from Korean businesses.

The table below lists ongoing and concluded FTA negotiations between Korea and other countries.

---

8 Ibid, 32.
9 Ibid, 33.
4.1.3. EU-Korea trade relations

Formal diplomatic relations between the EU (at that time, the European Economic Community) and Korea began in 1963. The latter’s rapid growth throughout the second half of the 20th century increased its appeal as an economic and political partner for Europe, which increasingly sought to engage Korea in trade.

Trade relations between both sides intensified in the 1990s with the signing of multiple agreements that established a framework for economic cooperation. In 1996, the EU and Korea signed the Framework for Trade and Cooperation, as well as a Joint Declaration on Political Dialogue. The following year, both sides signed the Agreement on Cooperation

---

and Mutual Administrative Assistance in Customs Matters, the primary objectives of which were to create a level economic playing field for both sides, and to exchange information on customs legislation.\(^\text{15}\)

As WTO members, both the EU and Korea are also parties to the Agreement on Government Procurement (GPA). The aim of the GPA is to open government procurement markets among its signatories through establishing rules on transparency and non-discriminatory procedures with respect to public tenders; it was originally signed in 1979 and the most recently revised GPA entered into force in April 2014.\(^\text{16}\)

In 2009, the EU and Korea signed the Cooperation Agreement Concerning Cooperation on Anti-competitive Activities, with the goal of better enforcing competition laws by promoting cooperation and coordination between the competition authorities of both sides.\(^\text{17}\)

In May 2010, the EU and Korea signed a new Framework Agreement on Trade and Cooperation (Framework Agreement), which serves as the basis for greater cooperation on matters such as security, human rights and climate change. This agreement entered into force in June 2014, replacing the original 1996 agreement. Unlike its predecessor, the 2010 version no longer focuses on trade cooperation, as the latter topic has been addressed by the EU-Korea FTA.\(^\text{18}\) The signing of the Framework Agreement was part of both sides’ commitment to upgrade their relationship to the level of a strategic partnership, which was anticipated to further strengthen their bilateral dialogue and cooperation in regional and global affairs.\(^\text{19}\)

Meanwhile, negotiations for the EU-Korea FTA began in 2007 and concluded two years later, with the implementation phase beginning thereafter. Specifically, negotiations and the implementation of the FTA took place according to the following timeline:\(^\text{20}\)

- **May 2007**: Negotiations begin
- **October 2009**: FTA initialled after eight rounds of formal talks
- **September 2010**: European Council approves FTA
- **October 2010**: FTA signed at EU-Korea Summit in Brussels
- **February 2011**: European Parliament gives consent for FTA
- **July 2011**: FTA is provisionally applied
- **December 2015**: FTA formally enters into force following conclusion of ratification process among EU Member States

### 4.2. The EU-Korea FTA - structure and content

The EU-Korea FTA is the most ambitious trade deal implemented by the EU so far; it is also the first FTA that the EU has undertaken with an Asian country. The FTA has eliminated approximately 99 percent of duties within the first five years of its implementation. It has significantly liberalised trade and services, and has also introduced significant advances in the way of non-tariff barriers and areas such as intellectual property rights and government procurement. As of 2015, the FTA had

---


\(^{18}\) Harrison, James, "Overview of the EU-Korea Framework Agreement", in James Harrison (ed.), *The European Union and South Korea: The Legal Framework for Strengthening Trade, Economic and Political Relations*, Edinburgh University Press, 2013, pp. 149-159. 150.


increased EU exports of goods by 55 percent from EUR 30.6 billion to EUR 47.3 billion, and had also transformed the EU’s EUR 7.6 billion trade deficit with South Korea in the year before the FTA took effect into a surplus of EUR 7.3 billion as of 2015.\textsuperscript{21}

\textbf{4.2.1. Structure of the EU-Korea FTA}

The EU-Korea FTA contains 15 chapters, three protocols, several annexes and four understandings, which are listed below:

- **Chapter One**: Objectives and general definitions
- **Chapter Two**: National treatment and market access for goods
  - Annex 2-A to Chapter Two: Elimination of customs duties
  - Annex 2-B to Chapter Two: Electronics
  - Annex 2-C to Chapter Two: Motor vehicles and parts
  - Annex 2-D to Chapter Two: Pharmaceutical products and medical devices
  - Annex 2-E to Chapter Two: Chemicals
- **Chapter Three**: Trade remedies
  - Annex 3 to Chapter Three: Agricultural safeguard measures
- **Chapter Four**: Technical barriers to trade
  - Annex 4 to Chapter Four: TBT coordinator
- **Chapter Five**: Sanitary and phytosanitary measures
- **Chapter Six**: Customs and trade facilitation
- **Chapter Seven**: Trade in services, establishment and electronic commerce
  - Annex 7-A to Chapter Seven: Lists of commitments
  - Annex 7-B to Chapter Seven: MFN treatment exemption
  - Annex 7-C to Chapter Seven: List of MFN exemptions
  - Annex 7-D to Chapter Seven: The additional commitment on financial services
- **Chapter Eight**: Payments and capital movements
- **Chapter Nine**: Government procurement
  - Annex 9 to Chapter 9: BOT contracts and public works concessions
- **Chapter Ten**: Intellectual property
  - Annex 10-A to Chapter Ten: Geographical indications for agricultural products and foodstuffs
  - Annex 10-B to Chapter Ten: Geographical indications for wines, aromatised wines and spirits
- **Chapter Eleven**: Competition
- **Chapter Twelve**: Transparency
- **Chapter Thirteen**: Trade and sustainable development
  - Annex 13 to Chapter Thirteen: Cooperation on trade and sustainable development
- **Chapter Fourteen**: Dispute settlement
  - Annex 14-A to Chapter Fourteen: Mediation mechanism for non-tariff measures
  - Annex 14-B to Chapter Fourteen: Rules of procedure for arbitration

4.2.2. Content of the EU-Korea FTA

The EU-Korea FTA is a substantial document, both in terms of length and coverage of content. This section describes the key features of the agreement.

Chapter 1 of the agreement defines the objectives of the FTA and provides general definitions of the parties and other terms. Specifically, the objectives of the FTA include liberalising and facilitating trade in goods, services and investment; promoting competition in the economies of the parties; liberalising government procurement markets of the parties; protecting intellectual property rights; facilitating the development and expansion of global trade; integrating sustainable development in the trade relationship of the party; and, promoting foreign direct investment without reducing environmental, labour or occupational health and safety standards.23

Chapter 2 (National Treatment and Market Access for Goods) presents provisions regarding the elimination of existing customs duties on trade in goods. At present, in the fifth year of the tariff elimination schedule, close to 99 percent of tariffs on industrial, agricultural and fishery products have already been phased out; a small number of highly sensitive agricultural products have been granted a longer transitional period. The FTA also prohibits the introduction of new duties—this standstill clause, combined with the aforementioned elimination of existing tariffs, effectively guarantees a permanent end to tariff barriers between the EU and Korea.24 Finally, this chapter establishes the Committee on Trade in Goods.25

The machinery and appliances sectors gained the most in terms of duty savings resulting from the implementation of this chapter (EUR 312 million were removed as of the entry

22 The Free Trade Agreement between the European union and its Member States and the Republic of Korea, EU-Kor., October 6, 2010, L 127. (Hereafter, "EU-Korea FTA".)
23 EU-Korea FTA, art. 1.1.
25 EU-Korea FTA, art. 2.16.
into force of the FTA, with further savings throughout the liberalisation period), while the chemical sector came in second in terms of duty savings (EUR 143 million worth of duties were removed as of the entry into force of the FTA). The benefits to the agricultural sector are also substantial—the reduction in duties brought about by the EU-Korea FTA has helped European producers secure a better position in the Korean market vis-à-vis other strong agricultural exporters (e.g. the USA) with which Korea has also signed FTAs.\textsuperscript{26}

Chapter 2 also contains four sector-specific annexes on non-tariff barriers. These annexes represent a novelty aspect of the agreement, as no prior FTAs included such sector-specific disciplines on non-tariff barriers to trade.

Annex 2-B on electronics emphasises the importance of relying on international standards (specifically, the International Organisation for Standards and the International Electrotechnical Commission) in order to minimise duplicative requirements;\textsuperscript{27} it also eliminates the requirement for conformity assessment procedures for many goods, thereby removing a substantial cost and time burden for European producers.\textsuperscript{28, 29}

Annex 2-C on motor vehicles and parts states that Korea must accept international standards for all major technical regulations (e.g. UN-ECE for core safety standards), thereby removing a significant barrier for EU exporters of these goods.\textsuperscript{30} Additionally, it stipulates \textit{inter alia} that the parties shall not introduce any new regulatory measures that impair market access for motor vehicles and parts.\textsuperscript{31} Finally, it establishes a working group on motor vehicles and parts.\textsuperscript{32}

Annex 2-D on pharmaceutical products and medical devices establishes stronger transparency rules for the Korean regulatory system, especially with regard to pricing and reimbursement rules for drugs.\textsuperscript{33} It also requires the parties to provide access to tribunals that review pricing and reimbursement decisions upon request of applicants,\textsuperscript{34} to adopt or maintain measures to ensure ethical business practices among manufacturers and suppliers of drugs and medical devices,\textsuperscript{35} and to establish a working group on pharmaceutical products and medical devices.\textsuperscript{36}

Annex 2-E on chemicals emphasises the importance of transparency with respect to laws and regulations for the chemical sector as well as cooperation in the area of Good Laboratory Practices and Test Guidelines, with an aim of achieving harmonisation of chemical assessment and management.\textsuperscript{37} It also establishes a working group on chemicals.\textsuperscript{38}

Chapter 3 concerns trade remedies, and focuses particularly on bilateral safeguard measures\textsuperscript{39} that may be invoked should imports from one of the parties cause or threaten serious injury to one of its counterpart’s industries. If a safeguard measure is warranted, the importing party may either freeze the level of current duty for the

\textsuperscript{26} “The EU-Korea Free Trade Agreement in Practice”, 2011. 5.
\textsuperscript{27} EU-Korea FTA, annex 2-B, art. 2.
\textsuperscript{28} Korea may require 3rd party certification if it demonstrates that the lack thereof presents a risk to health and safety.
\textsuperscript{29} EU-Korea FTA, annex 2-B, art. 3.
\textsuperscript{30} EU-Korea FTA, annex 2-C, art. 2.
\textsuperscript{31} EU-Korea FTA, annex 2-C, art. 7.
\textsuperscript{32} EU-Korea FTA, annex 2-C, art. 9.
\textsuperscript{33} EU-Korea FTA, annex 2-D, art. 2.
\textsuperscript{34} EU-Korea FTA, annex 2-D, art. 3.
\textsuperscript{35} EU-Korea FTA, annex 2-D, art. 4.
\textsuperscript{36} EU-Korea FTA, annex 2-D, art. 5.
\textsuperscript{37} EU-Korea FTA, annex 2-E, art. 2.
\textsuperscript{38} EU-Korea FTA, annex 2-E, art. 4.
\textsuperscript{39} Chapter 3 also contains provisions on global safeguard measures, as well as agricultural safeguard measures.
affected industry, or increase the rate of the duty to its pre-FTA level. This chapter also establishes a working group on trade remedy cooperation.

Chapter 4 contains provisions on technical barriers to trade (TBT). Among other things, this chapter stipulates that the parties are to cooperate and exchange information on standards and technical regulations. It also establishes a coordination mechanism to facilitate the implementation of this chapter. Overall, many commitments on TBT under this Chapter (such as those regarding cooperation on regulatory issues, transparency and marking/labelling) exceed obligations contained in the WTO Agreement on Technical Barriers to Trade.

Chapter 5 (Sanitary and phytosanitary measures) seeks to increase trade in animals/animal products and plants/plant products while maintaining a high level of human, animal and plant health safety. Most notably, it seeks to reduce the time needed for approving establishments for products of animal origins, and looks to recognise disease-free areas to minimize losses to producers in the event of outbreaks of animal diseases in the EU. Additionally, it establishes a Committee on SPS measures. Similar to TBT, the measures on SPS exceed obligations under the WTO SPS Agreement.

Chapter 6 covers customs and trade facilitation. It looks to facilitate cooperation on implementing and enforcing customs matters (i.e. regarding imports, exports, re-exports, transit, counterfeit goods, etc.) between the parties and requires the parties to adopt simplified procedures for releasing goods, risk management systems for customs inspections and appeal procedures for affected persons. It also commits the parties to harmonising documentation and data. In addition, it creates a Customs Committee to oversee the implementation of this chapter. The provisions of Chapter 6 also go beyond WTO customs obligations, particularly in the dimension of enforcement.

Chapter 7 (Trade in Services, Establishment and E-Commerce) makes advances in opening the Korean services market to EU providers. It ensures that EU providers won’t be discriminated against in favour of their Korean counterparts; it also includes broader coverage in terms of sectors (ranging from telecommunications to shipping to e-commerce) and market access commitments, as well as provisions on the liberalisation of investment. Additionally, it establishes the Committee on Trade in Services, Establishment and Electronic Commerce.

Chapter 8 concerns payments and capital movements—it stipulates (with some exceptions, such as circumstances related to public security) that the parties cannot

---

40 EU-Korea FTA, art. 3.1.
41 EU-Korea FTA, art. 3.16.
42 EU-Korea FTA, art. 4.3.
43 EU-Korea FTA, art. 4.10.
45 EU-Korea FTA, art. 5.1.
46 EU-Korea FTA, art. 5.6.
47 EU-Korea FTA, art. 5.10.
48 Rigod (2013), 80.
49 EU-Korea FTA, art. 6.13.
50 EU-Korea FTA, art. 6.2.
51 EU-Korea FTA, art. 6.4.
52 EU-Korea FTA, art. 6.7.
53 EU-Korea FTA, art. 6.16.
54 Rigod (2013), 79.
55 EU-Korea FTA, art. 7.7.
56 EU-Korea FTA, annex 7-A.
57 EU-Korea FTA, art. 7.10.
58 EU-Korea FTA, art. 7.3.
59 EU-Korea FTA, art. 8.3.
impose restrictions on payments and transfers between their residents\(^{60}\) and must facilitate the free movement of capital.\(^{61}\)

Chapter 9 on government procurement expands the commitments of both parties to areas that are not covered by the WTO GPA, namely public works concessions and Build-Operate-Transfer (BOT) contracts (e.g. highway construction).\(^{62}\) This chapter opens EU suppliers to contracts in a market worth over 50 percent of Korea’s GDP.\(^{63}\) Additionally, it establishes a working group on government procurement.\(^{64}\)

Chapter 10 covers intellectual property and sets standards on the protection of intellectual property rights (IPR), including trademarks, registered and unregistered designs, and geographical indications (e.g. Champagne) from both parties.\(^{65}\) This chapter also specifies enforcement measures for cases of infringement of IPR, such as rules on civil, administrative and criminal procedures.\(^{66}\) The latter provisions on criminal enforcement of IPR were among the only provisions of the FTA which were not provisionally applied, in light of their sensitive nature among Member States.\(^{67}\)

Chapter 11 concerns competition in the economies of the parties. It commits the parties to maintaining comprehensive competition laws and appropriately equipped competition authorities.\(^{68}\) It also stipulates that each party shall ensure that discriminatory measures regarding procurement and marketing of goods do not arise from state monopolies.\(^{69}\) Additionally, it commits the parties to remedying any trade distortions arising from subsidies\(^{70}\) and requires the parties to report annually on the amount, type and sectoral distribution of subsidies that may affect international trade.\(^{71}\)

Chapter 12 contains provisions on transparency. Among other things, it stipulates that the parties are to set up an efficient and predictable regulatory environment for businesses, for example by making “measures of general application” available in advance,\(^{72}\) providing reasonable opportunities for those interested to comment on proposed measures, and attempting to take such comments into account.\(^{73}\)

Chapter 13 covers sustainable development with respect to trade. This chapter represents another innovative aspect of the EU-Korea FTA—the latter is the first agreement of its kind to link trade with sustainable development in terms of labour and environmental standards. With respect to labour standards, both parties commit to implementing the ILO standards that they have respectively ratified, as well as making an effort to ratify the remaining fundamental ILO conventions (and other conventions that the ILO classifies as up-to-date).\(^{74}\) In terms of environmental standards, the parties reaffirm their commitments to implement the laws of the multilateral environmental agreements to which they are party.\(^{75}\) Domestic Advisory Groups (DAG) were also established by each party; both DAGs meet annually at a Civil Society Forum to hold a dialogue on sustainable development issues with respect to the FTA.\(^{76}\) Additionally, a

\(^{60}\) EU-Korea FTA, art. 8.1.
\(^{61}\) EU-Korea FTA, art. 8.2.
\(^{62}\) EU-Korea FTA, art. 9.2.
\(^{63}\) "The EU-Korea Free Trade Agreement in Practice", 2011. 5.
\(^{64}\) EU-Korea FTA, art. 9.3
\(^{65}\) EU-Korea FTA, art. 10.2.
\(^{66}\) EU-Korea FTA, art. 10.54.
\(^{68}\) EU-Korea FTA, art. 11.3.
\(^{69}\) EU-Korea FTA, art. 11.5.
\(^{70}\) EU-Korea FTA, art. 11.11.
\(^{71}\) EU-Korea FTA, art. 11.12.
\(^{72}\) EU-Korea FTA, art. 12.2.
\(^{73}\) EU-Korea FTA, art. 12.3.
\(^{74}\) EU-Korea FTA, art. 13.4.
\(^{75}\) EU-Korea FTA, art. 13.5.
\(^{76}\) EU-Korea FTA, art. 13.13.
Committee on Trade and Sustainable Development is established, which is responsible for the overall implementation of this chapter.\textsuperscript{77}

Chapter 14 covers dispute settlement. Specifically, this chapter details the dispute settlement procedure, which entails consultations,\textsuperscript{78} an arbitration procedure,\textsuperscript{79} and the delivery of an arbitration panel ruling that is binding upon the parties.\textsuperscript{80} This chapter also outlines procedures to be invoked in the case of non-compliance with such a ruling.\textsuperscript{81} Annex A to this chapter concerns the mediation mechanism for non-tariff measures.

Chapter 15—the final chapter of the FTA—contains institutional, general and final provisions. This chapter formally establishes the Trade Committee as well as the abovementioned specialised committees and working groups, which are also discussed in greater detail in the sub-section below.\textsuperscript{82}

The first protocol of the FTA covers Rules of Origin (RoO). It specifies that in order to originate from the EU or Korea, a product must either be wholly obtained from one of the parties, or be sufficiently processed (i.e. processed beyond minimal operations, such as washing) in one of the parties.\textsuperscript{83} Moreover, goods must be transported directly from the EU to Korea,\textsuperscript{84} and exporters must obtain approved exporter status with the national customs authority in order to issue origin declarations for their products.\textsuperscript{85}

The second protocol covers mutual administrative assistance in customs matters. It stipulates that the parties are to assist each other in applying customs law, especially with respect to preventing and investigating customs irregularities and fraud, and it provides rules and a framework for such assistance.\textsuperscript{86} The parties are to provide customs assistance upon the other’s request,\textsuperscript{87} as well as via their own initiative when necessary.\textsuperscript{88}

The final protocol of the FTA concerns cultural cooperation. It establishes a framework under which the parties will facilitate dialogue and exchanges regarding cultural activities, goods and services, including in the audio-visual sector.\textsuperscript{89} It also created a Committee on Cultural Cooperation.\textsuperscript{90}

The table below provides an overview of the structure and content of the EU-Korea FTA as described in the two above sub-sections.

\textsuperscript{77} EU-Korea FTA, art. 13.12.
\textsuperscript{78} EU-Korea FTA, art. 14.3.
\textsuperscript{79} EU-Korea FTA, art. 14.5
\textsuperscript{80} EU-Korea FTA, art. 14.7.
\textsuperscript{81} EU-Korea FTA, art. 14.11.
\textsuperscript{82} EU-Korea FTA, art. 15.1-15.3.
\textsuperscript{83} EU-Korea FTA, Protocol concerning the definition of ‘originating products’ and methods of administrative cooperation, art. 2. (Hereafter, "Protocol on RoO").
\textsuperscript{84} EU-Korea FTA, Protocol on RoO, art. 13.
\textsuperscript{85} EU-Korea FTA, Protocol on RoO, art. 17.
\textsuperscript{86} EU-Korea FTA, Protocol on mutual administrative assistance in customs matters, art.2. (Hereafter, "Protocol on customs assistance".)
\textsuperscript{87} EU-Korea FTA, Protocol on customs assistance, art. 3.
\textsuperscript{88} EU-Korea FTA, Protocol on customs assistance, art. 4.
\textsuperscript{89} EU-Korea FTA, Protocol on cultural cooperation, art. 1.
\textsuperscript{90} EU-Korea FTA, Protocol on cultural cooperation, art. 3.
Table 4: Overview of the EU-Korea FTA and its novelty aspects

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Content</th>
<th>Novelty aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Objectives and General Definitions</td>
<td>• Objectives of the agreement and definitions of the parties</td>
<td>-</td>
</tr>
</tbody>
</table>
| 2. National Treatment and Market Access for Goods                       | • Customs duties on most agricultural/industrial goods removed by the 5th year of the tariff elimination schedule  
• Some highly sensitive agricultural/fishery products have longer transition periods for the elimination of duties  
• Establishes Committee on Trade in Goods                               | -                                                                               |
| 3. Trade Remedies                                                       | • Introduces a bilateral safeguard clause that allows either party to temporarily reintroduce WTO tariffs in the situation that an increase in imports would imply serious injury  
• Establishes a working group on trade remedies                         | -                                                                               |
| 4. Technical Barriers to Trade (TBT)                                   | • Parties are to cooperate on standards and regulatory issues, establishing dialogues between regulators when needed  
• Establishes coordination mechanism on TBT matters                      | FTA obligations for both parties go beyond WTO TBT Agreement                      |
| 5. Sanitary and Phytosanitary (SPS) Measures                            | • Facilitates trade in animals/animal products and plants/plant products while maintaining a high level of human, animal and plant health  
• Introduces measures on cooperation regarding animal welfare, e.g. a procedure for recognising disease-free areas  
• Establishes Committee on SPS Measures                                  | FTA obligations for both parties go beyond WTO SPS Agreement                      |
| 6. Customs and Trade Facilitation                                       | • Enhances cooperation in customs and customs-related matters via *inter alia* harmonising documentation/data requirements and improving security of shipments  
• Establishes trade facilitation provisions regarding appeal procedures and rules for publication of customs legislation  
• Establishes a Customs Committee                                       | FTA obligations for both parties go beyond WTO obligations on customs/trade facilitation (particularly on enforceability) |

*Table 4: Overview of the EU-Korea FTA and its novelty aspects*
| 7. Trade in Services, Establishment and E-Commerce | • Constitutes the most ambitious services FTA concluded thus far by the EU, with a vast range of services included (e.g. EU shipping and law firms gain access to the Korean market)  
• Includes provisions on the liberalisation of investment  
• Establishes Committee on Trade in Services, Establishment and Electronic Commerce | Provisions go beyond other FTAs in terms of sector coverage and the extent of market access commitments |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Payments and Capital Movements</td>
<td>• Includes provisions on free capital movement such that the FTA functions smoothly</td>
<td>-</td>
</tr>
<tr>
<td>9. Government Procurement</td>
<td>• Expands procurement opportunities for European suppliers to Korean public works concessions and BOT contracts</td>
<td>BOT contracts were not covered by the WTO Government Procurement Agreement</td>
</tr>
</tbody>
</table>
| 10. Intellectual Property                         | • Details protections offered for trademarks, designs, and geographic indications from both parties  
• Details enforcement procedures to be implied in case of infringement of IPR | Designs have only recently become an important IP right and were not covered by the WTO's TRIPS |
| 11. Competition                                  | • Commits parties to maintaining effective competition laws and strong competition authorities  
• Parties must remedy or remove trade distortions resulting from subsidies; parties must report the amount, type, and sectoral distribution of all subsidies on an annual basis | This is the first EU FTA to include the provisions on subsidies as included in section B of this chapter. |
| 12. Transparency                                 | • Establishes provisions to set up an efficient and predictable regulatory environment, e.g. commitments allowing interested individuals to comment on proposed new regulatory measures | - |
| 13. Trade and Sustainable Development            | • Commitment to implement all ILO conventions, all multilateral environmental agreements to which both sides are party  
• Creates civil society advisory groups on both sides, which are be responsible for monitoring the implementation of sustainable development aspects  
• Establishes Committee on Trade and Sustainable Development | Breaks ground in linking trade and sustainable development (specifically, labour and environmental standards) |
14. Dispute Settlement
- Establishes dispute mechanism similar to that of the WTO involving consultation, arbitration, etc.

15. Institutional, General and Final Provisions
- Establishes a Trade Committee, six specialized committees, and seven working groups

<table>
<thead>
<tr>
<th>Annex</th>
<th>Content</th>
<th>Novelty aspects</th>
</tr>
</thead>
</table>
| Consumer Electronics | - Emphasises utilising international standards to minimise duplicative requirements  
- Eliminates third-party certification for a number of products following a three year transition period, thereby reducing cost and complexity for EU producers  
- Korea maintains the ability to enforce third-party certification for a list of 53 products if it can prove the absence of such certification poses a risk to human health and safety | This is the first FTA to include specific sectoral disciplines on NTBs to trade |
| Motor Vehicles | - Requires Korea to recognise international standards as equivalent to Korean domestic core safety standards  
- Enacts mechanisms to ensure no new NTBs for motor vehicles will be introduced in the future | This is the first FTA to include specific sectoral disciplines on NTBs to trade |
| Pharmaceutical Products and Medical Devices | - Introduces rules regarding transparency regarding decisions on prices at which drugs are reimbursed  
- Enacts possibility to have pricing decisions reviewed by a court  
- Facilitates regulatory cooperation via a working group | This is the first FTA to include specific sectoral disciplines on NTBs to trade |
| Chemicals | - Emphasises transparency with respect to laws/regulations on chemicals  
- Introduces the “Good Laboratory Practice and Test Guidelines” in order to facilitate a harmonized approach to chemical assessment/management  
- Establishes working group on chemicals | This is the first FTA to include specific sectoral disciplines on NTBs to trade |
<table>
<thead>
<tr>
<th>Protocol</th>
<th>Content</th>
<th>Novelty aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rules of Origin</td>
<td>• RoO protocol defines “originating products”, territorial requirements, etc.</td>
<td>-</td>
</tr>
<tr>
<td>Mutual Administrative Assistance in Customs Matters</td>
<td>• Establishes legal framework for mutual assistance between the EU and Korean authorities on investigations regarding customs irregularities/fraud</td>
<td>-</td>
</tr>
</tbody>
</table>
| Cultural Cooperation                          | • Establishes framework for policy dialogue on culture and audio-visual issues  
• Creates committee on cultural cooperation      | -               |

*Sources: The EU-Korea FTA; The EU-Korea FTA: a quick reading guide.*
4.3. Institutional framework of the EU-Korea FTA

4.3.1. Institutional provisions in the FTA

Together, the Trade Committee and a number of specialised committees and working groups oversee the implementation of the EU-Korea FTA.

The FTA is managed by the Trade Committee, which is co-chaired by the Korean Minister for Trade and the European Commissioner for Trade. The Committee has decision-making power “in respect of all matters in the cases provided by [the FTA]” and supervises the work of all committees, working groups and other bodies created under the FTA. The Trade Committee is scheduled to meet on an annual basis.

The FTA also established the seven following specialised committees:

- **Committee on Trade in Goods:** The committee’s functions include promoting trade in goods between the parties (e.g. via consultations on accelerating and/or broadening the scope of commitments on tariff elimination) and hearing disputes between the parties regarding trade in goods.

- **Committee on Sanitary and Phytosanitary Measures:** The committee develops procedures to facilitate cooperation between both sides on SPS matters, tracks progress and hears disputes regarding SPS measures.

- **Customs Committee:** The committee hears disputes between the parties relating to customs matters. The committee may also provide recommendations in regards to reaching the objectives presented in the customs chapter of the FTA.

- **Committee on Trade in Services, Establishment and Electronic Commerce:** The committee is responsible for overseeing the implementation of the Chapter on Services, Establishment and Electronic Commerce as well as for hearing any disputes brought to it by either party.

- **Committee on Trade and Sustainable Development:** The committee is responsible for overseeing cooperation activities and implementation of commitments in the domain of sustainable development.

- **Committee on Outward Processing Zones on the Korean Peninsula:** The committee is responsible for identifying geographic areas that can be designated as outward processing zones and defining thresholds for the value of the total input of originating final goods that may be added within the outward processing zone.

- **Committee on Cultural Cooperation:** The committee is responsible for overseeing the implementation of the Protocol on Cultural Cooperation.

---

91 EU-Korea FTA, Art. 15.4.1.
92 EU-Korea FTA, art. 2.16,
93 EU-Korea FTA, art. 5.10.
94 According to article 15.2.1.(e) of the FTA, “in matters exclusively covered by the Customs Agreement, the Customs Committee acts as the Joint Customs Cooperation Committee established under that Agreement.”
95 EU-Korea FTA, art. 6.16.
96 EU-Korea FTA, art. 7.3.
97 EU-Korea FTA, art. 13.12.
98 Another aspect of the institutional framework with respect to trade and sustainable development consists of the aforementioned domestic advisory groups of both parties. The DAGs are made up of independent civil society organisations and seek to represent environment, labour and business organisations (though currently, neither DAG has members representing the environmental side). The DAGs meet yearly at a Civil Society Forum and discuss various issues related to the sustainable development aspect of the FTA.
99 EU-Korea FTA, Protocol on cultural cooperation, art. 3.
The above committees meet on an annual basis and must report their activities to the Trade Committee.

Additionally, the FTA has established the seven following working groups:

- **Working Group on Motor Vehicles and Parts**: The working group is responsible for implementing Annex 2-C of the FA as well as making recommendations regarding the application of technical regulations to motor vehicles imported under different channels. The working group meets annually.\(^{100}\)

- **Working Group on Pharmaceutical Products and Medical Devices**: The working group is responsible for implementing Annex 2-D of the FTA and meets annually.\(^{101}\)

- **Working Group on Chemicals**: The working group promotes cooperation in regards to the provisions of Annex 2-E of the FTA and meets once every two years, unless trade issues arise relating to either party’s regulations on chemicals.\(^{102}\)

- **Working Group on Trade Remedy Cooperation**: The functions of this working group are to enhance dialogue and cooperation between the parties on their respective trade remedy laws and practices concerning anti-dumping, subsidies and safeguards. The working group meets annually, as well as upon request of either party.\(^{103}\)

- **Working Group on Mutual Recognition Agreements on Services**: The responsibilities of the working group include considering procedures regarding the development of recommendations on mutual recognition.\(^{104}\) The working group meets on an annual basis.

- **Working Group on Government Procurement**: The working group meets upon request of either party to hear disputes and exchange information regarding government procurement, BOT contracts or public work concessions.\(^{105}\)

- **Working Group on Geographical Indications**: The working group may decide by consensus to modify the FTA to add or remove EU and Korean geographical indications following the necessary procedures. This group meets as needed, or upon request by one of the parties.\(^{106}\)

Beyond these mechanisms, an EU-Korea FTA Implementation Taskforce was created to coordinate implementation activities within the Commission. To facilitate market access, a number of separate working groups on the latter subject have also been created in Brussels and Seoul. These groups serve as a first point of contact for business enquiries regarding the FTA.\(^ {107}\)

### 4.3.2. The FTA and the EU-Korea Framework Agreement

As mentioned previously, the emphasis of the EU-Korea Framework Agreement is not on trade cooperation; rather, its provisions on security, sustainable development and human rights are largely complementary to the FTA. However, there is also some overlap in the objectives of the Framework Agreement and the FTA. For example, the Framework Agreement foresees joint projects in science and technology cooperation that

---

\(^{100}\) EU-Korea FTA, annex 2-C, art. 9.

\(^{101}\) EU-Korea FTA, annex 2-D, art. 5.

\(^{102}\) EU-Korea FTA, annex 2-E, art. 4.

\(^{103}\) EU-Korea FTA, art. 3.16.

\(^{104}\) EU-Korea FTA, art. 7.21.

\(^{105}\) EU-Korea FTA, art. 9.3

\(^{106}\) EU-Korea FTA, art. 10.25.

would help the economies of both parties, which is also an overarching goal of the FTA.\textsuperscript{108}

There are several ways in which the FTA is linked to the Framework Agreement. For example, the Framework Agreement allows both parties to adopt “specific agreements in any area of cooperation falling within its scope”—the FTA is one such agreement. Together, all agreements between both parties form the Common Institutional Framework (CIF) that is established by the Framework Agreement;\textsuperscript{109} all institutions under the CIF must also report their activities to the Joint Committee, which is the management institution of the Framework Agreement.\textsuperscript{110} However, as the Trade Committee has ultimate decision-making power with respect to the FTA, the Joint Committee may only provide recommendations to the Trade Committee and may not take any decisions that would deprive the latter of its power.\textsuperscript{111}

\section*{4.4. Conclusion}

Free trade agreements have become a key component of both EU and Korean trade policy. Having benefited from economic relations for several decades, the EU and Korea deepened these relations by concluding and implementing a FTA. The EU-Korea FTA—which had been provisionally applied since July 2011 and entered into force in December 2015—was the first EU FTA negotiated with an Asian country, and went further than any previous agreement in lifting trade barriers.

While certain components of this FTA are in line with previous bilateral free trade agreements (such as provisions on tariff reduction), other aspects of the EU-Korea FTA break new ground. Several chapters contain provisions that go beyond the relevant WTO obligations—these include the chapters on technical barriers to trade, sanitary and phytosanitary measures, customs, and government procurement. The chapter on services, establishment and e-commerce contains broad coverage in terms of sectors and market access commitments. Other chapters represent novel approaches for FTAs: Chapter 13 on trade and sustainable development links trade with labour and environmental regulations for the first time; the annexes to Chapter 2 on electronic goods, motor vehicles and parts, pharmaceutical products and medical devices and chemicals present detailed sector-specific provisions on non-tariff barriers.

Another key component of the EU-Korea FTA consists of the institutional framework established to oversee the implementation of the agreement. Specifically, the FTA creates a number of committees and working groups which meet on a regular basis—providing both parties with the means to discuss and cooperate on issues related to the FTA, as well as develop solutions for any problems that arise.

In conclusion, the EU-Korea FTA is a comprehensive agreement with important novel elements. It seeks to substantially liberalise trade between the parties and has a number of other objectives, including \textit{inter alia} the liberalisation of investment, the protection of intellectual property rights, and the integration of sustainable development into the EU-Korea trade relationship.

\textsuperscript{108} Harrison (2013), 156.  
\textsuperscript{109} Harrison (2013), 157.  
\textsuperscript{110} Harrison (2013), 166.  
\textsuperscript{111} Harrison (2013), 170.
5. LITERATURE REVIEWED

This section describes the process we used for reviewing and organising the various studies, reports and other documents with relevance to the EU-Korea FTA.

5.1. Tagging system

The literature research on the EU-Korea FTA focused on identifying texts that would provide insight on the background of and recent developments regarding the implementation of the FTA, as well as other sources of relevant data. Collected documents ranged from previous ex-post studies on trade between the EU and Korea, to academic articles and Commission annual reports on the implementation of the FTA. Each document was reviewed to ensure relevance and adequate topical coverage for the study.

All documents identified have been indexed using Mendeley, a tailored software tool that allows us to collect and manage bibliographic information, as well as to assign content tags, which are essential for an efficient use of the literature by the research team. Our tagging system is designed to provide a broad overview of the topics relevant for this study and ease of access to relevant material for the study team. The table below lists the content tags created on the basis of the information collected to date. It is important to note that the content tags may overlap, as they are not mutually exclusive.
Table 5: Content tags for literature review

<table>
<thead>
<tr>
<th>Tag category</th>
<th>Specific tags</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>Korea, Mexico, Singapore, Myanmar, Chile, Canada, Jordan, Turkey, EU/EU countries, USA, Philippines</td>
</tr>
<tr>
<td>Type of document</td>
<td>Academic article, SIA, Guidance*, Background**, Report, Communication, Legal, Interview transcript</td>
</tr>
<tr>
<td>Type of analysis</td>
<td>Ex-post, ex-ante</td>
</tr>
<tr>
<td>Corresponding task in Terms of Reference</td>
<td>Intervention logic, FTA Description, Consultation, Case study, Economic analysis, Recommendations</td>
</tr>
<tr>
<td>Specific analyses</td>
<td>Evolution of trade, Econometric analysis, Implementation of FTA, Problems, Regulatory changes</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Public sector, Private sector, Civil society</td>
</tr>
<tr>
<td>Case Study Sector/Theme</td>
<td>Automotive, Electronics, Agriculture, Environmental goods/services, Postal, Institutions TSD, Tariff preferences, Rules of origin</td>
</tr>
<tr>
<td>Impacted aspect/group for analyses</td>
<td>SME, Consumer, EU budget, Sustainable development, Employment, Environmental impacts, Human rights, Informal economy, Developing country</td>
</tr>
<tr>
<td>FTA aspect concerned</td>
<td>Goods, Services, FDI, NTB, Customs, E-commerce, IPR, Competition, Dispute settlement, Procurement, SPS</td>
</tr>
<tr>
<td>Evaluation criteria</td>
<td>Effectiveness, Efficiency, Coherence, Relevance</td>
</tr>
<tr>
<td>Main data source</td>
<td>WITS, Eurostat, CEPII, WTO, OECD, GTAP, CN8, ILO</td>
</tr>
<tr>
<td>Methodology/Model for Analysis</td>
<td>Gravity, Matching, CGE, Logit, Logic chain</td>
</tr>
</tbody>
</table>

Source: Civic Consulting. Notes: *Refers to “how-to” documents that provide guidelines on an aspect of the methodology, e.g. “Assessing the EU Trade Impact on Human Rights” or "Case Study Guidelines"; ** Refers to documents like “The EU-Korea FTA in Practice” that provide basic information on the FTA, without any other analysis.

5.2. Detailed document review

In a next step, we further scrutinised all studies that specifically examine the EU-Korea FTA (in total six studies). Review templates for each document were completed and are presented below.
<table>
<thead>
<tr>
<th><strong>Title:</strong> The EU-Korea Free Trade Agreement: Anticipation, Trade Policy Uncertainty and Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Author(s)</strong></td>
</tr>
<tr>
<td><strong>Publication Year</strong></td>
</tr>
<tr>
<td><strong>Abstract</strong></td>
</tr>
</tbody>
</table>
| **Key results** | • On average, the FTA has increased the probability to export by around 10 percent for the EU  
• For Korea, the FTA has increased the average probability to export by 4.9 percent |
| **Main method(s)** | • Econometric analysis: binary logit model to measure the impact of various stages of the FTA on the probability of exporting product $i$ in a given month/year |
| **Data** | • Econometric analysis utilises monthly data from 2005-2014 at the 8-digit level of the CN8 |
| **Tags** | Academic article, EU, Econometric analysis, Economic analysis, Korea, Eurostat, CN8, Logit |
Title: The Economic Impact of the Free Trade Agreement (FTA) between the European Union and Korea

**Author(s)**
Decreux, Yvan; Milner, Chris; Péridy, Nicolas

**Publication Year**
2010

**Abstract**
This study presents an updated and extended quantitative assessment of the EU-Korea FTA for goods, services and FDI. It also complements the trade sustainability impact assessment (SIA) of the EU-Korea FTA which was finalized in October 2008. As a first result, the calculation of ad valorem tariff equivalents (AVEs) shows that protection due to non-tariff barriers (NTBs) exceeds tariff protection to a large extent, especially in Korea. Simulation results show that the effects of the EU-Korea FTA on GDP are positive for both the EU and Korea. Both the EU and Korea show positive and significant effects on bilateral exports and imports. Finally, the study shows very small employment effects for the EU. With regard to Korea, sectoral employment effects are more significant. The general conclusion of the study is that the EU may improve its position in several industries, as well as in specific services to a lesser extent. On the other hand, Korea will take advantage of the agreement for specific manufactured products.

**Key results**
- The effects of the EU-Korea FTA on GDP are estimated to be positive for both the EU (0.08 percent) and Korea (up to 0.84 percent)
- The EU bilateral trade balance with Korea is expected to improve by up to EUR 10.1 billion. However, there is evidence of partial trade diversion for the EU, which replaces parts of its exports to the rest of the world by exports to Korea

**Main method(s)**
- Calculation of AVEs via a two-step econometric estimation procedure
- Quantitative appraisal of the effects of the EU-Korea FTA using the CGE MIRAGE model developed by CEPII

**Data**
- CGE simulations are implemented over 15 years from the GTAP 6 database

**Tags**
EU, Economic analysis, Ex-ante, Korea, Report, Eurostat, CEPII, CGE, GTAP
<table>
<thead>
<tr>
<th><strong>Title:</strong> An Assessment of the EU-South Korea FTA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Author(s):</strong> European Parliament – Directorate General for External Policies of the Union</td>
</tr>
<tr>
<td><strong>Publication Year:</strong> 2010</td>
</tr>
<tr>
<td><strong>Abstract:</strong> This report assess the EU-Korea FTA from economic, commercial, and legal perspectives and analyses its impact on specific industrial sectors. It also provides a chapter-by-chapter description of the FTA and addresses employment effects throughout the EU. The EU-Korea is far-reaching. In terms of the scope of tariff liberalisation, it goes beyond anything the EU has agreed in previous agreements. The coverage of services is also ambitious. In a range of other measures, such as the treatment of technical barriers to trade, protection of intellectual property rights including geographic indicators, as well as provisions on dispute settlement and sustainable development the Agreement breaks new ground. It therefore represents forward movement on trade at a time when multilateral negotiations in the Doha Development Agenda (DDA) continue to stagnate and international trade needs of promoting in the wake of the financial crises induced slowdown.</td>
</tr>
<tr>
<td><strong>Key results:</strong></td>
</tr>
<tr>
<td>- FTA to increase EU exports to Korea by between EUR 30-40 billion, and Korean exports to the EU by EUR 20 billion</td>
</tr>
<tr>
<td>- Wealth created by FTA in the EU likely less than 0.1 percent of GDP; in Korea less than 1 percent of GDP</td>
</tr>
<tr>
<td><strong>Main method(s):</strong></td>
</tr>
<tr>
<td>- Review of literature, including previous quantitative studies</td>
</tr>
<tr>
<td>- Case study approach, particularly for effects on specific sectors</td>
</tr>
<tr>
<td>- Descriptive statistics where relevant</td>
</tr>
<tr>
<td>- Stakeholder questionnaire, interviews and workshop</td>
</tr>
<tr>
<td><strong>Data:</strong></td>
</tr>
<tr>
<td>- No quantitative analysis</td>
</tr>
<tr>
<td>- Data for descriptive statistics from a variety of sources (e.g. OECD)</td>
</tr>
<tr>
<td><strong>Tags:</strong> EU, FTA Description, Korea, Report</td>
</tr>
<tr>
<td>Title: Trade Sustainability Impact Assessment of the EU-Korea FTA: Final Global Analysis Report</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Author(s)</strong></td>
</tr>
<tr>
<td><strong>Publication Year</strong></td>
</tr>
<tr>
<td><strong>Abstract</strong></td>
</tr>
</tbody>
</table>
| **Key results** | • The overall economic effects of the EU-Korea FTA are likely to be modest, regardless of the metric or methodology, as both partners already have very open/relatively open economies  
• In terms of the social impacts, there are unlikely to be large inter-industry shifts in output and employment that could lead to disruption of labour markets at either a national or regional level in either the EU or Korea as a result of the implementation of the FTA  
• The implementation of the EU Korea FTA is not foreseen to have significant adverse environmental effects since the projected expansion of trade is not predicted to utilise resources that are poorly managed or increase production that will lead to expansion of pollution or other negative environmental externalities that are unregulated |
| **Main method(s)** | • CGE modelling which mirrors that used in the study by J.F. Francois (see literature review box below) |
| **Data** | • CGE analysis based on GTAP 6.2 (benchmarked to data from 2001) |
| **Tags** | CGE, EU, Ex-ante, FTA Description, GTAP, Korea, SIA |
**Title:** A Qualitative Analysis of a Potential Free Trade Agreement between the European Union and South Korea

**Author(s)**: Guerin, Selen Sarisoy; Edwards, T. Huw; Glania, Guido; Kim, Heungchong; Lee, Hongshik; Matthes, Jurgen; Tekce, Mahmut

**Publication Year**: 2007

**Abstract**: This study is a qualitative analysis of a potential free trade agreement between the EU and South Korea conducted from January to April 2007, under a contract from DG Trade of the European Commission. The aim of this study is to provide a basis for the negotiations that started in May 2007 between the EU and South Korea. It is an in-depth examination of the extent to which EU exporters face non-tariff barriers to trade with Korea. This study offers a potential scenario for efficiently tackling the non-tariff barriers and liberalising services and investment, first by analysing horizontal issues (i.e. dispute settlement, technical barriers to trade, intellectual property rights issues, etc.) and then by offering a sector-by-sector analysis. The potential implications of the EU-Korea FTA and the timing issues are also addressed.

**Key results**
- A “deep” FTA with Korea that successfully eliminates not only the tariff barriers but also the non-tariff barriers, as well as securing investment and services liberalisation, is the only option to maximise the economic benefits for the EU
- The most effective way for the EU to deal with non-tariff barriers in an FTA with Korea is to have a strong dispute settlement mechanism

**Main method(s)**
- Review of literature, including previous quantitative studies
- Descriptive statistics where relevant

**Data**
- No quantitative analysis
- Data for descriptive statistics from a variety of sources (e.g. OECD)

**Tags**: EU, Economic Analysis, Ex-ante, Korea, Report
<table>
<thead>
<tr>
<th><strong>Title:</strong> Economic Impact of a Potential Free Trade Agreement (FTA) Between the European Union and South Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Author(s)</strong></td>
</tr>
<tr>
<td><strong>Publication Year</strong></td>
</tr>
<tr>
<td><strong>Abstract</strong></td>
</tr>
<tr>
<td><strong>Key results</strong></td>
</tr>
<tr>
<td><strong>Main method(s)</strong></td>
</tr>
<tr>
<td><strong>Data</strong></td>
</tr>
<tr>
<td><strong>Tags</strong></td>
</tr>
</tbody>
</table>

The Annex presents an overview table of the literature reviewed during the inception phase. It will be extended throughout the evaluation, as more literature will be gathered, reviewed and tagged during the subsequent study phases (e.g. through desk research for the case studies).
6. FRAMEWORK OF THE EVALUATION

This section presents the refined intervention logic and refined analytical framework for the evaluation.

6.1. Refined intervention logic

The objectives of the EU-Korea FTA are listed in article 1.1(2) of the agreement. Specifically, the objectives of the FTA are to:

- Liberalise and facilitate trade in goods between the EU and Korea, in conformity with Article XXIV of the GATT;
- Liberalise trade in services and investment between the EU and Korea, in conformity with Article V of the GATS;
- Promote competition in the EU and Korean economies, particularly as it relates to economic relations between them;
- Further liberalise their government procurement markets;
- Adequately and effectively protect intellectual property rights;
- Contribute to the harmonious development and expansion of world trade by removing barriers to trade and by developing an environment conducive to increased investment flows;
- Commit to the development of international trade in such a way as to contribute to the objective of sustainable development and strive to ensure that this objective is integrated and reflected at every level of their trade relationship;
- Promote foreign direct investment without lowering or reducing environmental, labour or occupational health and safety standards in the EU or Korea.

An indicative intervention logic developed by the Commission for the Evaluation and Fitness Check Roadmap linked the various operational, specific and intermediate objectives of the FTA with the general objectives pursued by trade liberalisation and FTAs more broadly. In other words, this intervention logic demonstrated the channels through which the FTA achieves its overall aim.

We have made slight refinements and added more detail to the original FTA intervention logic presented in our offer, so as to ensure that it is up-to-date and fully reflects the objectives of the FTA. Our updated version is presented below.
Figure 1: Intervention logic of the EU-Korea FTA

Policy instrument
- To liberalise and facilitate trade in goods and services between the Parties
- To further liberalise, on a mutual basis, the government procurement markets of the Parties
- To adequately and effectively protect intellectual property rights
- To remove barriers to trade
- To liberalise investment
- To establish clear and mutually advantageous rules governing trade and investment
- To promote FDI without lowering/reducing environmental, labor, occupational health or safety standards
- To promote transparency as regards stakeholders, including the private sector and civil society organisations

Operational objectives
- To create an expanded and secure market for goods and services
- To create a stable and predictable environment for investment
- To protect and preserve the environment and natural resources

Specific objectives
- To strengthen economic relations between the EU and Korea in a manner coherent with their overall relations
- To enhance the competitiveness of EU and Korean firms in global markets
- To promote competition, particularly as it relates to economic relations between the Parties
- To create new and productive employment opportunities
- To apply and enforce the environmental and labour laws of the Parties
- To promote basic workers rights and ensure decent work for all

Intermediate objectives
- To contribute to the harmonious development and expansion of world trade
- To promote economic growth and stability
- To raise standards of living and reduce poverty
- To improve general welfare
- To develop international trade in such a way so as to contribute to the objective of sustainable development

Global objectives

Sources: European Commission and Civic Consulting.
The above intervention logic was also instrumental in developing the analytical framework of the evaluation, which brings together the evaluation questions of the TOR, the associated judgment criteria and indicators, the data sources, and the methodological tools with which we will collect data. Our refined analytical framework is presented in the following sub-section.

6.2. **Refined analytical framework**

We refined our analytical framework from the offer phase by re-examining the evaluation questions in light of our exploratory research and communication with DG TRADE, then refining the judgment criteria and proposed qualitative and quantitative indicators based on the results of this re-examination.

Specifically, our analytical framework includes the five evaluation questions for the study, the judgment criteria for each question, the indicators highlighting the evidence and analysis needed to substantiate claims made in the evaluation report, and the data sources and methodological tools through which data will be obtained. The table below presents this framework.

112 Note that the first evaluation question concerning effectiveness has been split into three sub-questions referring to the degree to which economic, social and environmental objectives of the FTA have been achieved, to account for the three dimensions of sustainable development.
### Table 6: Analytical framework for the evaluation of the implementation of the EU-Korea FTA

<table>
<thead>
<tr>
<th>Evaluation questions</th>
<th>Judgement criteria</th>
<th>Required evidence and analysis/possible indicators</th>
<th>Sources of evidence/methodological tools</th>
</tr>
</thead>
</table>
| **1a. To what extent have the economic objectives as laid down in Article 1.1(2) of the EU-Korea FTA been achieved?** | Following the provisional implementation of the FTA, to what extent:  
- Has trade in goods been liberalised and facilitated?  
- Has trade in services and investment been liberalised?  
- Has competition between the EU and Korea been promoted?  
- Have the respective government procurement markets been further liberalised?  
- Have intellectual property rights been adequately and effectively protected?  
Identification of objectives that were not reached, and possible reasons | Results of the below specific analyses:  
8.1 Analyse the evolution of trade in goods between the EU and Korea *(descriptive statistical analysis of trends and developments in key areas, such as aggregated trade in goods)*  
8.2 Econometric analysis *(trade creating effects of the FTA at the sectoral level)*  
8.3 Analyse the evolution of trade in services and FDI between the EU and Korea *(statistical analysis of trends and developments since the start of the EU-Korea FTA in aggregate services trade and in foreign direct investments)*  
8.4 Identify the non-tariff measures affecting EU-Korea trade *(impact of NTMs on the extensive and the intensive margin of trade)*  
8.5 Analyse the effects of the implementation of the customs-related provisions *(sectoral perspective to establish which sectors score low or are hit hard)*  
8.6 Analyse the implementation of other areas of the EU-Korea FTA *(analysis of experience of stakeholders, previous studies)*  
8.7 Identify issues in areas of the EU-Korea FTA which may prevent exploiting |  
* Interviews  
* Workshops  
* Online consultation  
* Desk research  
* Surveys on the impact of the EU-Korea FTA on SMEs and consumers  
* Case studies  
* Analysis of evolution of trade in goods, services and FDI between the EU and Korea (overall and by sector)  
* Quantification of barriers to trade and comparison with the pre-FTA situation  
* Econometric analysis and estimates of trade creation, trade expansion and trade diversion using trade data from COMEXT and other sources where necessary *(e.g. UN COMTRADE, GTAP)* |
<table>
<thead>
<tr>
<th>Identification of objectives that</th>
<th>Following the provisional implementation of the FTA, to what extent:</th>
<th>Results of the below specific analyses:</th>
</tr>
</thead>
</table>
| the full potential/benefits of the FTA (identifying sectors with disappointing performance at the EU and the EU Member State level) | - Has the FTA removed barriers to trade and promoted FDI, without lowering/reducing labour or health standards?  
- Has the FTA contributed to the objective of sustainable development? | - 8.12 Analyse the effect of the implementation of the EU-Korea FTA on sustainable development in its economic and social dimensions (Assessing whether and by how much the EU-Korea FTA has improved on working conditions and the four pillars of the ILO Decent Work Agenda, as well as poverty reduction, and gender equality in the EU and Korea)  
- 8.13 Examine the impact of the EU-Korea FTA on sustainable development |

**1b. To what extent have the social objectives as laid down in Article 1.1(2) of the EU-Korea FTA been achieved?**

- Interviews  
- Workshops  
- Online consultation  
- Desk research  
- Case studies  
- Analysis of the effect of the FTA on sustainable development
<table>
<thead>
<tr>
<th>1c. To what extent have the environmental objectives as laid down in Article 1.1(2) of the EU-Korea FTA been achieved?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Following the provisional implementation of the FTA, to what extent:</td>
</tr>
<tr>
<td>• Has the FTA removed barriers to trade and promoted FDI, without lowering/reducing environmental standards?</td>
</tr>
<tr>
<td>• Has the FTA contributed to the objective of sustainable development?</td>
</tr>
<tr>
<td>Identification of objectives that were not reached, and possible reasons</td>
</tr>
<tr>
<td>Results of the below specific analyses:</td>
</tr>
<tr>
<td>• 8.12 Analyse the effect of the implementation of the EU-Korea FTA on sustainable development in its environmental dimensions <em>(ex-post changes in natural resource intensity, global transport, and CO₂ / CH₄ / N₂O emissions due to the EU-Korea FTA compared to the counterfactual scenario without an FTA between the EU and Korea)</em></td>
</tr>
<tr>
<td>• Interviews</td>
</tr>
<tr>
<td>• Workshops</td>
</tr>
<tr>
<td>• Online consultation</td>
</tr>
<tr>
<td>• Desk research</td>
</tr>
<tr>
<td>• Case studies</td>
</tr>
<tr>
<td>• Analysis of the effect of the FTA on sustainable development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Has the EU-Korea FTA had unintended side effects, and if so, which ones?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What social, human rights, environmental and/or economic impacts have resulted from the FTA which were not intended by the agreement?</td>
</tr>
<tr>
<td>• Have there been any positive unintended effects?</td>
</tr>
<tr>
<td>• Have there been any negative unintended effects?</td>
</tr>
<tr>
<td>• Identification of stakeholder groups that have been affected by the FTA in an unintended manner</td>
</tr>
<tr>
<td>• Identification of effects of the FTA on environment, labour or human rights</td>
</tr>
<tr>
<td>• Identification of positive/negative side effects of the FTA in the EU, Korea and third countries (e.g. results of analysis 8.15: Analyse the impact of the EU-Korea FTA on developing countries and LDCs)</td>
</tr>
<tr>
<td>• Interviews</td>
</tr>
<tr>
<td>• Workshops</td>
</tr>
<tr>
<td>• Online consultation</td>
</tr>
<tr>
<td>• Surveys</td>
</tr>
<tr>
<td>• Case studies</td>
</tr>
<tr>
<td>• Analysis of the effect of FTA on sustainable development</td>
</tr>
<tr>
<td>• Econometric analysis and estimates of trade creation, trade expansion and trade diversion using trade data from COMEXT and other sources where necessary (e.g. UN COMTRADE, GTAP)</td>
</tr>
</tbody>
</table>
### 3. To what extent has the EU-Korea FTA been efficient with respect to achieving its objectives?

- What costs have been involved in the implementation of the FTA (e.g. forgone tariff revenue, costs of committee/working group/DAG meetings)?
- How do these costs compare to the benefits, e.g. in terms of GDP increases?
- What scope, if any, has there been to achieve the objectives at a lower cost?
- Identification of input and cost types related to the implementation of the FTA
- Calculation of economic impact of the implementation of the FTA (econometric analysis)
- Analysis of the forgone tariff revenues due to tariff reductions between EU and Korea
- Estimation of overall budgetary consequences of the FTA for the EU by considering effects of GDP increases on EU revenue, forgone tariff revenues due to tariff reductions between EU and Korea, and changes in trade volumes with other trade partners (results of analysis 8.11: Analyse the impact of the EU-Korea FTA on the EU budget)
- Interviews
- Workshops
- Online consultation
- Surveys on the impact of the EU-Korea FTA on SMEs and consumers
- Case studies
- Analysis of evolution of trade in goods, services and FDI between the EU and Korea (overall and by sector)
- Econometric analysis and estimates of trade creation, trade expansion and trade diversion using trade data from COMEXT and other sources where necessary (e.g. UN COMTRADE, GTAP)

### 4. To what extent has the EU-Korea FTA been coherent with the EU-Korea Framework Agreement and with the current EU trade

- How do the provisions of the EU-Korea FTA compare with those of the EU-Korea Framework Agreement?
- How do the provisions of the EU Korea FTA compare with the principles of current EU
- Reviewing provisions of the EU-Korea Framework Agreement
- Identification of areas of (lack of) coherence between the EU-Korea FTA and EU-Korea Framework Agreement/key principles of current EU trade policy
- Document review
- Description of the EU-Korea FTA (task 4)
- Interviews
- Workshops
| policy?               | trade policy? | • Identification of areas of coherence and contradictions between the EU-Korea FTA and current EU trade policy | • Online consultation  
• Surveys on the impact of the EU-Korea FTA on SMEs and consumers  
• Case studies |
|----------------------|---------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 5. To what extent are the provisions of the EU-Korea FTA relevant for addressing current trade issues faced by the EU and Korea? | • What are the current trade issues faced by the EU and Korea?  
• To what extent can the provisions of the EU-Korea FTA agreement be used to address these issues?  
• Which trade issues are unlikely to be addressed by the EU-Korea FTA? | • Identification of key trade issues currently faced by the EU and Korea  
• Qualitative assessment of stakeholders concerning the possibility of the EU-Korea FTA to address the issues, and identification of issues which may not be resolved through the FTA  
• Interviews and document review regarding working of the specialised committees and working groups established under the FTA  
• Workshops  
• Online consultation  
• Surveys on the impact of the EU-Korea FTA on SMEs and consumers  
• Case studies |
7. SCOPE, ASSUMPTIONS AND METHODOLOGY FOR MODELLING SIMULATIONS

This section provides an overview of the approach for the modelling simulation, the data and assumptions made, the methodology for the econometric analysis and the methodology for the CGE modelling.

7.1. Overview of approach

The approach for the modelling simulation consists of three steps:

(1) **Description and initial inspection of data (Task 8.1)** at a very disaggregate level and using – where appropriate – econometric tools to obtain simple conditional correlations with the purpose of obtaining first insights into the data. This includes trade data (goods and services), various margins of trade (extensive and intensive), foreign direct investment (FDI) and different leads and lags (to capture anticipation and phase-in effects), but also presents key statistics on measurable trade policy instruments (tariffs) and tariff income (for the pre-agreement situation), as well as the number of jobs associated with the agreement.

(2) **Rigorous econometric analysis** of the relevant trade flow data at the appropriate level of aggregation to obtain causal estimates of the relevant parameter required for a full general equilibrium analysis of the EU-Korea FTA.\(^{113}\)

(3) **Simulation analysis** with the help of a computable general equilibrium (CGE) model to obtain information on how the status quo (with the FTA in place) compares to a counterfactual situation (without the FTA in place) in terms of bilateral trade flows, aggregate welfare, sectoral employment, wages, workers’ purchasing power, government income, greenhouse gas emissions, and other equilibrium objects of interest.\(^{114}\)

This three-pronged approach allows us to address the problem that the general equilibrium analysis of (3) imposes certain constraints on the level of aggregation in (2), but in (1) a more disaggregated analysis (which uses monthly data and country-specific analysis) is feasible and desirable (the CGE analysis will be estimated on 6-digit data, whereas we will go to the finest possible product level in the econometric analysis, e.g. the 8-digit level).\(^{115}\) Moreover, the analysis in (1) can be widened to encompass variables that are not directly relevant in (3).

7.2. Data used and assumptions made

7.2.1. General reservations and remarks

It needs to be acknowledged that, while trade flow data is generally relatively good, many other important variables are measured with a substantial margin of error. This might lead to noisy results, in particular for small countries and certain variables (e.g.,

\(^{113}\) The results of the econometric analysis (Task 8.2) will also feed into the analyses under Tasks 8.3 (analysis on evolution in trade in services and FDI between the EU and Korea), 8.4 (analysis of non-tariff measures affecting EU-Korea trade), 8.7 (analysis of issues which may prevent exploiting the full benefits of the FTA), 8.12a (analysis of sustainable development) and 8.14 (analysis of the informal economy).

\(^{114}\) The results of the simulation analysis will feed into a number of analyses described in section 8 of this report, as well as the analysis on least-developed countries (Task 8.15).

\(^{115}\) The World Customs Organization’s Harmonized System (HS) uses code numbers to define products. A code with a low number of digits defines broad categories of products; additional digits indicate sub-divisions into more detailed definitions. Six-digit codes are the most detailed definitions that are used as standard. Countries can add more digits for their own coding to subdivide the definitions further according to their own needs. See: https://www.wto.org/english/thewto_e/glossary_e/hs6_e.htm
FDI). It is also important to recognize that certain important relationships, e.g., the functional link between inputs and outputs ("technology"), are not measured at a yearly frequency, such that they need to be assumed constant over time. Moreover, the lack of data implies that one has to assume that there is no change in the input-output matrix due to the FTA (i.e., given technology). This may lead to potential underestimation of economic benefits from the agreement. Finally, spill-over effects (e.g. whereby trade in products that were not subject to real liberalisation increases as an indirect result of the FTA) may exist, which would render the stable unit treatment value assumption invalid. In the latter respect, we plan to let the data speak and observe whether robust, statistically significant treatment effects are present in a saturated model.

7.2.2. Data and assumptions

Data on merchandise trade between the EU and the rest of the world (including Korea) come from Eurostat (COMEXT). However, analysing the effects of the EU-Korea FTA requires detailed information on trade flows between Korea and its non-EU trade partners, as well as trade between countries outside of the FTA. This is needed to compare EU-Korea trade with the evolution of trade with other trade partners. For this reason, COMEXT data will be complemented with other data sources which may differ with respect to product/sector coverage and time coverage, but which allow the representation of the full world trade matrix. We plan to draw on data from the United Nations Statistical Division (UN COMTRADE), possibly making the corrections proposed in Gaulier und Zignano (2010). The sectoral structure is chosen to be similar to the one used in other tasks (i.e., it corresponds to the two-digit classification of the GTAP data base), but more disaggregated data are used for selected sectors, where appropriate, e.g. in the motor vehicles sector. Monthly data from COMEXT are available from 2000 to 2015. Information from the OECD TiVA database is used to describe the value added content of trade flows. Finally, tariffs for the EU and Korea at the HS sector level stem from the WTO’s Integrated Database and UNCTAD’s TRAINS. To explore applied and bound tariffs, we use tariff profiles for the EU and Korea provided by the WTO. Data for preference utilisation rates are drawn from Eurostat which compiles data on basis of Single Administration Declarations (SAD), collected by national customs authorities. This includes the use of preferential treatment for EU Imports by MFN duty and regime.

We will use trade data from COMEXT and, wherever necessary, from COMTRADE. The data will be aggregated to the sector level contained in the GTAP 9.1 database (57 sectors, thereof 15 services sectors, and 14 agricultural sectors including fishing and forestry, which is used in the simulations). When useful and appropriate, we will go beyond this level of disaggregation for selected sectors.

Detailed information on other FTAs (possibly distinguishing between deep, medium, and shallow agreements) will be retrieved using the database developed by Dür et al., which has been recently updated to 2014 and which is used in the latest version of the Ifo trade model (Aichele et al., 2014). The data will be checked against information from the WTO RTA-Gateway.

Control variables on general economic development (e.g., GDP per capita, population) will be retrieved from the WDI database of the World Bank and bilateral geographical (e.g., common border, distance) and historical components (e.g., common language, former colony) from CEPII. Data on trade in services are, unfortunately, more scarce. Nonetheless, the very nature of the EU-Korea FTA needs as rigorous a treatment of trade in services as possible. The methods sketched below apply to trade in services as well as trade in goods. Data will be gathered from Eurostat (International Trade in Services EU bilateral/sectoral currently available until 2012, update to 2013 expected soon), UNCTAD (Total trade in services & trade structure (no partner country) up to 2013), the OECD

116 The literature quoted in this section has been provided above (approach for literature review).
Evaluation of the Implementation of the Free Trade Agreement between the EU and its Member States and the Republic of Korea – Inception Report

(Trade in Services EBOPS), and the World Bank (Trade in Services database, bilateral information currently available to 2011 only).

Available data in the areas of services and FDI is relatively limited. We will use the most recent data from the World Bank’s Trade in Services Database. For estimation purposes, we may also draw on data from the Global Trade Analysis Project (GTAP), which provides estimations of global bilateral trade in services. In this case, we would use the GTAP 9.1 database, see Narayanan et al. (2015). Data are available for the years 2004, 2007 and 2011. The OECD TiVA database will be used to retrieve statistics on trade in services in value added. We use the most recent data on bilateral FDI statistics from UNCTADstat. Throughout the evaluation, we will make every effort to locate and utilise more data, including by using information from Korean agencies.

For ad-valorem equivalents of specific tariffs, we use computations available through the Market Access Map (MACMap) database, developed jointly by ITC (UNCTAD-WTO, Geneva) and CEPII, Paris; see Bouet et al. (2004) for a detailed description. For service sector AVEs, we also rely on Fontagé et al. (2011). A further source for NTM data is UNCTAD’s TRAINS. This data set contains detailed information on various types of NTMs and AVEs of non-ad valorem tariffs. In addition, for SPS measures, we will consult the SPS Information Management System (SPS IMS) of the WTO. SPS IMS contains information on specific SPS concerns reported to the WTO by a raising country towards a maintaining country since 1995, respectively. With this approach, we follow Disdier and van Tongeren (2010) and Crivelli and Gröschl (forthcoming). For TBT measures, we use the TBT Information Management System (TBT IMS) of the WTO.

For trade in services, we will consult the Services Trade Restrictiveness Index of the OECD and the World Bank. For investments, we will use the FDI Regulatory Restrictiveness Index of the OECD.

Essentially, customs-related provisions are closely intertwined with non-tariff measures, defined as all non-price and non-quantity restrictions on trade in goods and services, including border measures. The main source for customs-related provisions is UNCTAD’s TRAINS. This data set contains detailed information on various types of NTMs. To evaluate customs-related provisions, we will also utilise information from our stakeholder survey and draw conclusions from the text of the agreement itself.

Data on SMEs stem from various sources, both from our own research (survey of SMEs using the SME Panel via the Enterprise Europe Network, see task 6c and relevant case studies, task 7) and from Eurostat and other sources (e.g., Flash EU Barometer 2014: Internationalization of SMEs, Eurostat’s Structural Business Statistics on SMEs). We provide some insights on European SMEs regarding their size and trade by industry. Where possible, we provide insights on SMEs in manufacturing, construction and services. Moreover, we provide a thorough review of the theoretical and empirical literature (mostly building on Melitz (2003) and following work) on the effects of trade cost reductions on SMEs. For this, it is essential to understand the nature of trade costs: lower fixed costs affect SMEs differently than lower variable trade costs, as they have different effects on foreign market entry.

Data on economic factors (such as economic growth, capital formation) will be retrieved from the WDI statistics of the World Bank, trade in goods from CEPII’s BACI database, trade in services from GTAP and bilateral FDI data from UNCTAD’s bilateral FDI database.

Statistics on employment will be retrieved from the International Labour Organization Key Indicator for the Labour Market (ILO KILM) database and the OECD Employment Database, which relies on National Labour Force Surveys. Furthermore, data on employment conditions and wages stem from International Trade Union Confederation (ITUC). We will consider the four pillars of the ILO Decent Work Agenda—namely job
creation, guaranteeing rights at work, extending social protection and promoting social dialogue—using data from various sources, such as ILO Stat, the ILO Social Security Inquiry Database, the ITUC Survey of Violations of Trade Union Rights, and the Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) and OECD stat. To examine trends in poverty reduction over time, we will use common indicators, such as poverty headcount ratios and the Gini index from the World Bank's WDI database.

The descriptive analysis uses various statistics. Data sources include the OECD Database on instruments used for environmental policy, as well as statistics from the World Bank's WDI and the World Input-Output Database (WIOD) Environmental Accounts.

Korea has several relevant initiatives on environmental laws and regulations, such as the National Vision for Environment Policies in the 21st Century, the Special Act on Metropolitan Air Quality Improvement, and the Comprehensive Plan for Water Management. We use the Environmental Statistics Yearbook and other statistics and publications of the Ministry of Environment of the Republic of Korea to describe and review these in the overall context.

For the Ifo trade model, we use data from GTAP 9.1 as described above. With the model, it is possible to incorporate environmental factors, such as natural resource intensity, CO2 emissions and global transport.

Data sources on the informal economy for Korea are rare. Data for the labour market stem from the International Labour Organization Key Indicator for the Labour Market (ILO KILM) database and from the OECD Employment Database and Labour Market Programs. We will use statistics on employment in the formal and informal sector, written employment contracts, social security coverage, and gender patterns. On the shadow economy, we will also rely on data from Buehn and Schneider (2012) for Korea until 2010 and on Schneider (2015) for European countries until 2014.

7.3. **Methodology for econometric analysis**

Econometric methods are required in steps (1) and (2) of the approach described at the beginning of this section. We use the same gravity model, but alter the level of aggregation. The proposed framework is fully consistent with the theoretical trade model. It can be stated as:

\[ X_{ij,t} = \exp[\pi_{i,t} + Z_{j,t} + \mu_{ij} + \eta_{1}BTP_{ij,t} + \eta_{2}NES_{t} \times INTL_{ij} + +\eta_{3}NIP_{ij,t} \times INTL_{ij}] + E_{ij,t}, \]

where sector indices have been dropped to avoid cluttered notation. \( X_{ij,t} \) denotes nominal trade flows (international and intra-national trade) at non-consecutive years t. \( \pi_{i,t} \) denotes the set of time-varying source-country dummies, which control for unobserved structural outward multilateral resistances, countries' output shares and, potentially, any other observable and unobservable exporter-specific factors that may influence bilateral trade. \( Z_{j,t} \) encompasses the set of time-varying destination-country indicator variables that account for the structural inward multilateral resistances, total expenditure, and any other observable and unobservable importer-specific characteristics that may influence trade.

\( \mu_{ij} \) denotes the set of country-pair fixed effects that serve two main purposes. First, they absorb all time-invariant gravity covariates that are typically used in the literature (e.g. distance, common language, common colony, etc.) along with any other time-invariant bilateral determinants of trade costs. Second, as demonstrated by Baier and Bergstrand (2007), the pair fixed effects will absorb most of the linkages between the endogenous...
We measure bilateral trade policy using $BTP_{ij,t}$, the vector of any time-varying bilateral determinants of trade flows. Possible candidates here include regional trade agreements, bilateral tariffs, currency unions, etc. Our goal is to use the BTP vector in order to isolate agreement-specific effects of the EU-Korea FTA as well as to allow for asymmetric (on the exporter and on the importer sides) effects of this agreement. $NES_{i,t} \times INTL_{ij}$ is constructed as the product of two variables: $NES_{i,t}$ denotes the vector of any non-discriminatory export support (NES) policies, e.g. export subsidies, and INTL$_{ij}$ is an indicator variable that takes a value of one for international trade and is equal to zero otherwise. This term identifies the effects of any non-discriminatory export support policies, even in the presence of exporter-time fixed effects, as required by gravity theory. Depending on data availability, we will attempt to identify the effects of non-discriminatory export support (NES) policies and measures, e.g., MFN tariffs. Note that since tariffs are a direct price shifter, this specification enables us to obtain sectoral estimates of the trade elasticity, which will be crucial in the general equilibrium analysis of the EU-Korea FTA.

In some applications, we will study the extensive margin of trade (i.e., the likelihood that a given product is traded between the EU and Korea). The only difference with the intensive margin model described above is that the dependent variable is a binary outcome variable taking a value of 1 if trade takes place, and 0 if otherwise, and on the left-hand-side, we estimate a Probit model. However, the covariates and the structure of the model remain similar.

With this approach, we will be able (conditional on data availability) to estimate the effects of the EU-Korea FTA and to decompose these effects into tariffs and non-tariff measures. Relying on the methods of Egger, Larch, Staub, and Winkelmann (2011), Baier and Bergstrand (2007), and Bergstrand, Larch and Yotov (2015), we will properly control for the potential endogeneity of FTAs in general, and of the EU-Korea FTA in particular. The endogeneity issue may arise from the non-random selection of country-pairs that form FTAs and/or from simultaneity and/or omitted variable biases. Further, we will study the possibility for and the strength of anticipation effects following the approach developed by Baier, Bergstrand and Feng (2014).

In addition to obtaining econometric results that are standardly used in the evaluation of FTAs, our methods will enable us to deliver unique and novel econometric estimates of the effects of the EU-Korea FTA in several dimensions that are not available in related studies. First, applying the methods of Zylkin (2014), we expect to obtain pair-specific estimates of the effects of the EU-Korea FTA, e.g. we will be able to identify separate estimates of the FTA effects for Italy-Korea vs. Czech Republic-Korea, etc. This set of estimates will enable us to make (limited from an econometric perspective) inferences about their determinants as well, see Baier, Yotov and Zylkin (2015). Second, we will be able to identify directional/asymmetric effects for each pair, e.g. France-Korea vs. Korea-France. Third, an important dimension of our analysis, which is ignored in nearly all other studies that use only international trade to identify the effects of FTAs, is the fact that much of international trade creation actually comes at the expense of intra-national trade and not at the expense on trade diversion from foreign partners. Subject to production data availability, our methods will enable us to evaluate such trade creation and trade diversion effects, as in Dai, Yotov and Zylkin (2014) and Heid, Larch and Yotov (2015). Fourth, an important feature of our econometric analysis is that it is consistent with the general equilibrium model that will be employed to study welfare effects and to decompose their incidence on consumers and producers in the EU, in Korea, and in the rest of the world, e.g. Anderson and Yotov (2010 and 2015). The implication is that the crucial matrix of trade costs and trade elasticities that we will use to perform our counterfactual analysis will be obtained within the same theory-consistent framework.
Finally, a key structural property of gravity theory that we will rely on as a foundation for our econometric analysis is that it is separable at the sectoral level. The implication for our analysis is that we will be able to apply consistently the same econometric techniques to any level of aggregation that is of interest to policy makers, including goods (Aichele, Felbermayr and Heiland, 2014, and Anderson and Yotov, 2015,) and services (Anderson, Milot and Yotov, 2014, and Anderson, Borchart, Mattoo and Yotov, 2015).

Consistent with the theory, our approach and goal will be to obtain econometrically sound partial equilibrium estimates of the trade creation effects of EU-Korea FTA. In a subsequent stage, these estimates will be fed into our simulation framework, see Caliendo and Parro (2015) and Aichele and Felbermayr (2013), in order to obtain consistent trade diversion effects. Finally, subject to data availability, we will test for and attempt to identify changes in the extensive margin vs. the intensive margin of trade. To achieve this task, we will rely on the methods developed by Felbermayr and Kohler (2010) and Baier, Bergstrand and Feng (2014).

7.4. Methodology for CGE modelling

7.4.1. General remarks

The Ifo Trade Model is a CGE model which falls into the class of New Quantitative Trade Theory (NQTT) models. This means that the estimation of parameters (essentially trade elasticities and the trade cost effects of the agreement in question) is conducted on the same data that are used as the baseline for the simulation exercise. However, the theoretical basis of the model is very standard and comparable to other CGE models. It is a stochastic, multi-sector, multi-country Ricardian model of the type developed by Eaton and Kortum (2002), extended to incorporate rich value chain interactions by Caliendo and Parro (2015), broadened to include non-tariff barriers by Aichele et al. (2014) and described in general terms by Costinot and Rodriguez-Clare (2014). The pioneering work by Eaton and Kortum (2002), in particular the characterisation of technology as a random variable, allows us to obtain analytical results which make sure that the estimation of model parameters can be carried out in a consistent way based on a specific equilibrium relationship obtained from the model itself (the gravity equation). The model assumes perfect competition and full employment; it requires detailed data on input-output relations between domestic and foreign sectors as inputs, and treats cost shares as constant (assuming Cobb-Douglas technologies); emissions are treated as (undesired) outputs and their output-coefficients are taken from the data as well. As with all other available CGE models, the framework does not endogenise FDI; this has to be taken into account in the interpretation of results. Additionally, like all other CGE models used in applied trade policy analysis, the Ifo Trade Model is a “real” model, i.e., there is no role for a nominal unit of account (“money”). This means that all prices are expressed in terms of a numeraire (the world aggregate output). Consequently, their levels have no natural meaning. However, relative prices (such as the wage rate relative to a price level) are meaningful objects.

7.4.2. Modelling strategy

To obtain general equilibrium-consistent estimates of the causal effects of the EU-Korea FTA, the analysis compares the observed 2015 status quo situation with a simulated counterfactual situation in which the EU-Korea FTA is assumed to be non-existent. To do so, tariff cuts as observed in the data and reductions in other trade costs as implied by the ex-post analysis of the agreement in the gravity analysis are counterfactually undone in the simulation model. The resulting general equilibrium objects (trade values, sectoral value added, sectoral employment, wages, prices, GDP, tariff incomes, and greenhouse gas emissions) can be compared with their respective status quo counterparts. By
construction, the difference is due to the agreement. It captures all general equilibrium feedbacks, e.g., those through trade diversion effects or changes in aggregate income. In contrast, the gravity estimates refer to partial equilibrium effects of the agreement, because incomes and aggregate prices are taken as given. The advantage of this approach is that no direct measures of observed reductions in non-tariff trade barriers (NTBs) are needed, and the simulation exercise is cleanly tied to the gravity estimation.

7.4.3. Conventional equilibrium outcomes

The model allows for drawing conclusions on the EU-Korea FTA on the structure of bilateral trade flows at the GTAP 9.1. level of aggregation, aggregate trade (volumes and openness measures), levels of value added, employment, emissions, and price levels, both at the sectoral and on the aggregate levels, wages and overall price levels, measures of real per capita GDP and of welfare (compensating variation measures).

7.4.4. Job creation and other social impacts

The CGE model assumes constant aggregate employment. This is the best assumption given the lack of a generally accepted analytical framework that links trade policy changes to unemployment or labour supply. However, the model provides insights on the number of jobs lost in comparative disadvantage sectors and the number of jobs gained in comparative advantage sectors. This allows for the calculation of reallocation indices (the number of people who need to change employment due to the agreement) for the EU aggregate, as well as for Member States. This indicator for labour market churning can be compared to the normal turnover on labour markets.117

The model can also be used to assess the FTA’s implications for wages, and for the consumer price index (CPI), but great care must be applied in the interpretation of these objects as we have discussed above. However, it is possible to draw conceptually clear implications on the effects of the agreement on the purchasing power of workers (their real wages). This is different from the more general concept of welfare which relies on other sources of income as well.

There are a number of new quantitative trade models which can be used to provide insights on the potential effects of the FTA on aggregate unemployment. While still largely untested, we can draw on their general conclusions to make tentative claims about the FTA with Korea. In most European countries, the largest share of wage inequality is within groups of similar workers, not across different groups. The standard CGE models do not yet address this “residual” type of inequality; however, as with unemployment, first papers do address the issue and their insights will be discussed and tentatively related to the FTA.

7.4.5. Consequences for public finances

The agreement affects public finances of the EU through three mechanisms: (i) through the direct elimination of almost all import tariffs on trade with Korea, (ii) through changes in trade volumes in bilateral relationships not affected by tariff elimination, and, (iii) through the expansion of economic activity and, consequently, of the tax bases subject to income or value added taxes. The CGE model is well suited to address these channels. Status quo trade flows, most-favoured nations (MFN) tariffs, and aggregate incomes (GDP) are treated as data (along with tariff income and other tax income), while the simulation of the counterfactual equilibrium provides information on trade flows and incomes if the EU-Korea FTA did not exist in the baseline situation of 2015. This provides

117 Felbermayr (2016) presents a discussion along these lines in a report for the EU Parliament entitled “TTIP and Jobs”, IP/A/EMPL/2015-07.
the basis for calculating counterfactual tariff and other tax income. The difference between status quo public income and counterfactual public income can be decomposed according to (i) to (iii).

7.4.6. Environmental impact

The FTA has various direct and indirect effects on emissions. Greenhouse gas emissions is the effect that is the most easily measured. There are two mechanisms to address. First, the expansion of economic activity (including increased transportation of goods) has direct effects on emissions that are essentially calculated by multiplying sectoral greenhouse gas emission coefficients and sectoral output levels in the status quo and the counterfactual situation (obtained from CGE analysis), taking upstream and downstream domestic and international sector linkages into account. The outcome is a priori ambiguous, as the agreement leads to trade diversion away from more inefficient (and possibly more polluting) trade partners. Secondly, the agreement may have explicit implications for the conduct of environmental policies and implicit ones (that result from the logic of the environmental Kuznets curve). While (i) can be analysed using the CGE model, (ii) needs a more casual treatment based on a review of results in the literature and their application to the specific EU-Korea case. More details on the analysis of the environmental impact of the FTA are provided in the next section.
8. METHODOLOGY FOR OTHER ANALYSES

This section provides an overview of the approach and methodology to be applied to the additional analyses specified under Task 8 of the TOR.¹¹⁸

8.1. Analysis of the implementation of the FTA (Tasks 8.5, 8.6, 8.8 and 8.9)

The EU-Korea FTA is a comprehensive FTA, whose correct implementation may require regulatory changes by the parties involved. Depending on the political, legal and institutional frameworks, the implementation of such provisions takes different forms, and can be confronted with country-specific structural challenges. The comparison is thus different from the analysis of the substantive chapters of the accords, while still being essential.

We propose to analyse the implementation of other areas of the EU-Korea FTA as follows.

8.1.1. Functioning of institutional setup

We will give a general description of the key relevant topics and will review the legal provisions contained in the agreement, which relate to the functioning of the institutional setup. The method of analysis is desk research/document review by a member of our expert team with deep knowledge of the Korean institutional and legal setup and who is a native speaker of the Korean language.

An area of special interest is Chapter 11 on Competition. Areas of particular concern are state-owned enterprises (SOEs) and, in particular, the provisions on subsidies laid down in Section B of the chapter. The study will investigate whether, to which extent, and by which means Korea has implemented the provisions of this chapter. A key question is whether Korea has reformed its approach towards subsidising insolvent or ailing enterprises according to Chapter 11.11(b) of the agreement.

Other areas covered are e-commerce, protection of IPRs, dispute settlement and mediation mechanisms, and access to government procurement markets in the EU and Korea.

We will refer to the econometric results from the sectoral partial equilibrium analysis, and will establish whether industries where the mentioned elements of the agreements matter most have seen adequate increases in trade activity.

The identification of regulatory changes adopted by the parties to the FTA will be conducted from two interrelated perspectives. First, we will identify relevant provisions in the agreement as an initial step to understand the nature and scope of potentially required regulatory changes by the parties. Second, we will examine the FTA implementation process itself, including the extent to which decisions have been taken during the implementation process of the FTA with respect to rules of origin, rules of procedure, NTMs, trade liberalization in goods and services, as well as opening up towards FDI.

 Particularly, we will look at changes in trade policy regulations that have been implemented by Korea since the provisional entry into force in July 2011 that are related to the FTA implementation process. In particular, we will review changes in the tariff schedule, in trade restrictions, in customs and customs procedures and

¹¹⁸ See Table 1, above.
in NTMs. For this purpose, we will rely on information provided by the WTO, such as WTO Tariff Profiles or the WTO RTA database.

Depending on the available evidence, we will also comment on modifications in the foreign investment regime, changes in public procurement procedures, competition policy, and intellectual property rights legislation due to the FTA. This involves a qualitative assessment of the text of the agreement and a review of the results of interviews and consultation/survey results (conducted in the framework of Task 6) regarding these aspects.

8.1.2. Analysis of experiences of stakeholders

To identify changes on the sectoral level that occurred in public procurement markets (and other mentioned areas) related to the FTA, if any, and existing obstacles to procurement markets (and other areas), we have included in our consultation questionnaire and the survey on SMEs (see Task 6 above) relevant questions. A similar approach will be taken during the interviews with government officials, business representatives and experts covering relevant sectors in the framework of case studies and in-depth interviews (Tasks 6 and 7). The results of the fieldwork will feed into an analysis of the implementation of other areas of the EU-Korea FTA, including identifying the impact of the FTA on SMEs (Task 8.9).

8.2. Social impacts (including impacts on consumers, Tasks 8.10, 8.12b)

Trade liberalisation directly affects consumers, particularly in areas such as product safety and quality, consumer prices and protection. As FTAs, in theory, increase competition and/or decrease costs of imports and exports, they would be expected to lead to lower consumer prices, higher quantity and wider variety of goods and services, and possibly also to higher quality. If FTAs reduce asymmetric information, consumers can make more rational choices, which is likely to increase consumer trust and protection. We will assess whether these assumptions hold for the EU-Korea FTA, paying particular attention to vulnerable consumers who are most prone to potential changes in prices and income. Our analysis will be carried out to respond to Task 8.12b and will consist of two parts: an analysis of consultation/surveys, interviews, and case studies, and a quantitative analysis based on the Ifo trade model.

8.2.1. Analysis of surveys, interviews, and case studies

To assess the impact of the EU-Korea FTA on consumer prices, consumer welfare and detriment, quality, available, variability and safety of consumer goods, as well as consumer trust and protection, we will present and analyse consultation results and the results from our survey on the impact of the EU-Korea FTA on consumers (Task 6). Additional evidence will be provided by the relevant case studies and interviews on particular key sectors in the EU-Korea context (such as consumer electronics), as well as a review of RAPEX statistics on alerts regarding dangerous non-food products to further evaluate the impact on consumers.

---

119 Including analysis regarding the Decent Work Agenda, working conditions, poverty reduction, gender, and vulnerable consumers.
8.2.2. Quantitative analysis

For the quantitative analysis in the context of this task, we will use the most recent version of the Ifo trade model (Alchele et al., 2014). The model allows for a quantitative analysis of price changes brought about by the agreement. Importantly, as in all CGE models, nominal prices (or price indices) are indeterminate and therefore cannot be interpreted. Nonetheless, the change in import prices relative to domestic prices, or even more precisely, in import prices from Korea to other sources, can be simulated sector by sector. Recently, Fajgelbaum and Khandelwal (2016) have shown that the gains from trade are larger for poorer consumers than for richer ones, since the former spend a larger share of income on tradeables relative to the latter. Drawing on this insight, using expenditure shares from household surveys and price changes simulated from our model, it is possible to generate an indication of how price changes attributable to the EU-Korea FTA have affected consumers at different positions in the income distribution.

8.3. Environmental impacts (Task 8.12c)

We will start this section by describing how policies in the EU and Korea have changed around the inception of the FTA (allowing for anticipation and phase-in effects). Data sources include the OECD Database on instruments used for environmental policy, as well as statistics from the World Bank's WDI and the WorId Input-Output Database (WIOD) Environmental Accounts. Korea has several relevant initiatives on environmental laws and regulations, such as the National Vision for Environment Policies in the 21st Century, the Special Act on Metropolitan Air Quality Improvement, or a Comprehensive Plan for Water Management. We will use the Environmental Statistics Yearbook and other statistics and publications of the Ministry of Environment of the Republic of Korea, to describe and review these in the overall context. The team's Korea expert will provide support in this area of the study.

Next, we will look at the evolution of trade in environmental goods. This will draw on the econometric analysis in Task 8.2, but zoom in on the goods and services targeted in the Environmental Goods Agreement (EGA), a plurilateral agreement currently being negotiated by 17 WTO members. The Commission’s SIA on EGA will provide input for this part of the analysis (e.g. on the list of goods falling into the category of environmental goods).

In the core of this section, we will aim at providing indications regarding the net effect of the EU-Korea FTA on environmental outcomes. The interactions between trade and environmental outcomes are complicated. The source of complication lies in the presence of counteracting influences. A trade agreement such as the EU-Korea FTA is supposed to increase global trade and economic activity. This scale effect can lead to higher environmental damage as production and transportation of goods goes up. However, there are offsetting effects. Forslid et al. (2015) use theory and data to show that exporting firms are on average cleaner than non-exporting ones. If their share in total production goes up, emissions fall due to a composition effect. Those firms also may have increased incentives to invest into emission-reducing abatement, in particular when emissions are caused by burning costly fuels. Moreover, as societies grow richer, they may allocate more resources to clean up the environment and use greener technologies. These technique effects also tend to lower emissions. Copeland and Taylor (2004) discuss empirical cases, where the composition and technique effects have indeed overturned the scale effect.

It is useful to distinguish between global and local pollution and other environmental outcomes (such as biodiversity). The key challenge is, as in the entire study, to establish a causal link between trade policy and environmental variables.
We will focus on the following variables:

(i) **Carbon Dioxide** ($CO_2$) emissions. Using the Ifo trade model and employing data from the GTAP-E database, we can calculate the change in $CO_2$ emissions arising from the change in sectoral output in each country of the world due to the FTA. As $CO_2$ is a global pollutant, it is important to calculate the global (i.e., world-wide) effect. However, the model also allows us to shed light on how country-level emissions change due to the FTA. For example, depending on the global structure of comparative advantage, it is possible that the agreement leads to reallocation of activity in Europe and Korea away from $CO_2$-intensive sectors towards more environmentally-friendly ones (composition effect), lowering emissions in both regions, but that it induces third countries to specialize more strongly in $CO_2$-intensive sectors (including sectors that are $CO_2$-intensive due to land use change, e.g. deforestation in developing countries). The Ifo model is well suited to address these effects. It can also be used to single out the $CO_2$ emissions caused by additional transportation. This analysis will allow for composition effects but will treat technologies as constant; this may lead to underestimation of the cleaning-up effects of trade.

(ii) **Other pollutants** (Sulfur Oxide (SO2), Nitrous Oxide (N2O), NOx, particulate matter). These emissions are more local in nature. Using similar methods as described above, and employing data from the GTAP Non-CO2 Emissions Data Base and the EORA MRIO,120 we can causally relate changes in these variables to the FTA whenever it is possible to obtain information on sectoral pollution intensities (which should be possible for EU countries and Korea, but not for third countries). This analysis will allow for composition effects but will treat technologies as constant; this may lead to underestimation of the cleaning-up effects of trade. Unfortunately, data constraints make it impossible to generate a causal link between the FTA and local water pollution or soil degradation. However, descriptive statistics and inference from sector-level output changes can be used to shed light on these areas as well.

(iii) **Biodiversity.** Recent literature has shown that trade can threaten biodiversity in developing countries (Lenzen et al., 2012). The causal link between FTAs and this phenomenon is, unfortunately, very hard to construct in any credible way. One reason for this is simply that there is little time series information on the evolution of biodiversity. Aggregate measures are available from the World Bank only for two years (2005, 2008); the living planet index of the World Wildlife Fund is one alternative, but data do not reach farther than the year of 2012. We will therefore also review disaggregate data for Korea and the EU that are available from the Global Biodiversity Information Facility (GBIF) and provide insight into a longer time period.

8.4. Impact on human rights (Task 8.13)

According to the EU Better Regulation Toolbox, all legislative proposals must be analysed from the perspective of fundamental rights. In this context, it is essential for the evaluation of the EU-Korea FTA to closely consider the impact of the agreement on both fundamental and human rights. For the purpose of this analysis and in line with DG TRADE guidelines, human rights analysed in this step will be considered as encompassing also the fundamental rights enshrined in the Charter of Fundamental Rights.

As a first step, we will undertake a preliminary screening of which human rights and population groups are likely to have been affected as a result of the EU-Korea Free Trade Agreement, using the results of the stakeholder consultation process, as well as the literature review. We will then identify observed changes in human rights since the provisional application of the FTA, and consider the extent to which changes could be attributed to the provisions of the FTA. Specifically, we will use the criteria below to guide the screening process:

- **Nature:** whether the human rights affected by the FTA are absolute (i.e. those which cannot be restricted or limited under any circumstances);
- **Direct vs. indirect:** whether human rights are directly and indirectly affected by trade;
- **Major vs. minor:** whether impacts have had major or minor effects on human rights; and,
- **Positive vs. negative:** whether the FTA improved or degraded human rights.

Once the areas of the FTA and the human rights to be further analysed have been narrowed down on the basis of the above-described screening, we will describe them in more detail. As a first step, we will establish a baseline scenario, taking into account the human rights situations in the EU and Korea prior to the implementation of the Free Trade Agreement. For this purpose we will also consider the results of document review, in particular using evidence such as the EU Reports on Human Rights and Democracy in the World, the United Nations reports from special procedures, ILO Committee reports, and data from selected aggregate indices, such as the OECD’s Better Life Index, the Press Freedom Index (Reporters Without Borders), the Gender Inequality Index (UNDP), the Global Gender Gap Index (World Economic Forum), and the World Bank’s World Governance Indicators. We will also draw on the economic analyses conducted in the context of previous tasks, in particular the econometric analysis (Task 8.2) and the assessment of the FTA’s impact on sustainable development (Task 8.12). The data from these analyses will feed into the assessment of human rights insofar that it will provide insight on changes in variables such as wages, income, welfare, etc.

We will choose key indicators that are identified as being specifically of interest through the stakeholder consultation and the interviews (Task 6) for the descriptive analysis to be prepared. These indicators could include, for example, the right to adequate food, the right to work and the right to freedom of opinion and expression. We will complement the analysis of the selected (quantitative and qualitative) indicators with the results of the document review (Task 3) and the case studies (Task 7), as well as the assessment of regulatory changes (Task 8.8), where relevant. The results of the analysis will feed into the overall results of the evaluation, contributing in particular to answering evaluation question 2 under Task 9.

---

121 For guidelines on the analysis of human rights impacts in impact assessments for trade-related policy initiatives, see http://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153591.pdf
9. CONSULTATION STRATEGY

This section provides an overview of our consultation approach. It lists the scope and the objectives of the consultation, provides a mapping of relevant stakeholders, and describes the consultation methods and activities that we will conduct.

9.1. Consultation scope and objectives

The overall purpose of the consultation is to ensure that all relevant stakeholders are given the opportunity, via a series of consultation activities, to express their views on all elements of the EU-Korea FTA relevant to this evaluation. More specifically, in accordance with the TOR, the objectives of the consultation are:

- To contribute to the identification of sectors and groups which have benefited or which have been negatively affected as a result of the implementation of the EU-Korea FTA;
- To analyse the reasons for such effects; and,
- To contribute to the case studies.

Additionally, the table below lists specific objectives for each of the planned consultation steps.

Table 7: Specific objectives for consultation steps

<table>
<thead>
<tr>
<th>Consultation step</th>
<th>Specific objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mapping stakeholders</td>
<td>• Identify and prioritise stakeholders by relevance to FTA</td>
</tr>
<tr>
<td>Online public consultation</td>
<td>• Obtain views of stakeholders in various sectors regarding the main thematic areas of the evaluation, issues affecting the successful implementation of the FTA, and specific concerns and desired improvements</td>
</tr>
<tr>
<td>Survey on SMEs</td>
<td>• Identify the advantages and disadvantages of the FTA for SMEs</td>
</tr>
<tr>
<td>Survey on consumers</td>
<td>• Identify the advantages and disadvantages of the FTA for consumers</td>
</tr>
<tr>
<td>In-depth interviews</td>
<td>• Obtain in-depth perspectives of experts that will inform our case studies and provide us with a better understanding of broader aspects of the FTA</td>
</tr>
<tr>
<td>Stakeholder workshop</td>
<td>• Add to the credibility of the study and its results and provide a platform to share our interim findings and obtain input for the final stage of the evaluation from stakeholders</td>
</tr>
<tr>
<td>Evaluation website</td>
<td>• Provide an overview and news on the progress of the evaluation, publish interim and final results, facilitate stakeholder contributions and increase transparency</td>
</tr>
</tbody>
</table>

Source: Civic Consulting.
9.2. Mapping stakeholders

As part of the initial analysis phase and the inception phase, we identified relevant stakeholders via the Civic Consulting stakeholder database (which covers a wide range of stakeholders and their associations across EU Member States), as well as via communication with DG TRADE and members of the Steering Committee, web-based research and exploratory interviews with relevant stakeholders.

Stakeholders represented include businesses, national administrations and civil society, including social partners (e.g. trade unions) and consumer organisations from both the EU and Korea, so as to ensure a balanced and comprehensive coverage of interests. We categorised stakeholder groups by relevance for the FTA, differentiating between “very high relevance”, “high relevance”, “moderate relevance” and “low relevance”. This ranking system will allow us to reach an adequate balance between focusing on the most relevant stakeholders in great detail and reaching out to a larger number of stakeholders that are possibly less involved (and less interested), who may have less knowledge of details and lower willingness to contribute.

The table below presents the stakeholder groups envisaged to be targeted as part of the consultation, grouped by relevance as described above.
Table 8: Mapping of stakeholder groups by relevance to the EU-Korea FTA

<table>
<thead>
<tr>
<th>Category</th>
<th>Stakeholder type</th>
<th>Level of relevance</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>Ministries</td>
<td>Very high relevance</td>
<td>Directly involved in the implementation of the FTA</td>
</tr>
<tr>
<td>Public sector</td>
<td>Other government bodies (e.g. the European Economic and Social Committee)</td>
<td>High relevance</td>
<td>Representatives/platforms for stakeholders (e.g. occupational interest groups) that may be directly or indirectly affected by the FTA</td>
</tr>
<tr>
<td>Private sector</td>
<td>Business associations</td>
<td>High relevance</td>
<td>Representatives of businesses that are directly affected by the FTA</td>
</tr>
<tr>
<td>Private sector</td>
<td>SMEs (^{a)})</td>
<td>Very high relevance</td>
<td>Operations (exports and imports) directly affected by the FTA</td>
</tr>
<tr>
<td>Private sector</td>
<td>Large companies/multinationals (^{a)})</td>
<td>Very high relevance</td>
<td>Operations (exports and imports) directly affected by the FTA</td>
</tr>
<tr>
<td>Civil Society</td>
<td>NGOs (environmental/consumer/human rights organisations)</td>
<td>High relevance</td>
<td>Advocates of the environment/consumers/individuals who may be indirectly affected by the FTA</td>
</tr>
<tr>
<td>Civil Society</td>
<td>Labour unions</td>
<td>Very high relevance</td>
<td>Representatives of employees whose jobs may be directly affected by the FTA</td>
</tr>
<tr>
<td>Civil Society</td>
<td>Think tanks/research institutes</td>
<td>Moderate relevance</td>
<td>Potentially involved in research regarding FTA, but no direct impact</td>
</tr>
</tbody>
</table>

Source: Civic Consulting. Note: \(^{a)}\) The categories SMEs/large companies/multinationals also include investors in the EU/Korea.
The table below presents selected specific stakeholder organisations represented among the groupings above.

**Table 9: Mapping of stakeholder organisations**

<table>
<thead>
<tr>
<th>Category</th>
<th>Level/Country</th>
<th>Stakeholders</th>
<th>Means of consultation a)</th>
</tr>
</thead>
</table>
| Public authorities           | EU            | • European Economic and Social Committee  
• EU DAG/Civil Society Forum  
• EU Agency for Fundamental Rights  
• European Parliament Delegation for Relations with the Korean Peninsula  
• Relevant DGs (e.g. TRADE, COMP, etc.) | • Online public consultation  
• Interviews                                                                                                                                |
| Public authorities           | Member States | • MS Ministries of Economy  
• MS Ministries of Foreign Affairs  
• MS foreign investment agencies  
• MS chambers of trade  
• MS customs authorities |                                                                                                                                            |
| Public authorities           | Korea         | • Ministry of Economy  
• Ministry of Foreign Affairs  
• Invest Korea  
• Korea Customs Service  
• Korea DAG/Civil Society Forum |                                                                                                                                            |
| Business Associations        | EU            | • EU Chamber of Commerce in Korea  
• BusinessEurope  
• Eurocommerce  
• European Association of Craft SMEs  
• SME Europe  
• Food Drink Europe  
• European Automobile Manufacturers Association  
• European Financial Services Round Table  
• European Federation of Pharmaceutical Industries and Associations  
• European Competitive Telecommunications Associations  
• European Services Forum  
• COPA-COGECA  
• Confederation of the Food and Drink Industries of the EU  
• European Dairy Association | • Online public consultation  
• Interviews                                                                                                                                |
<table>
<thead>
<tr>
<th>Business Associations</th>
<th>Member States</th>
</tr>
</thead>
<tbody>
<tr>
<td>spiritsEUROPE</td>
<td>Members of BusinessEurope/other EU industry organisations (e.g. Italian Business Association)</td>
</tr>
<tr>
<td>Comité européen des entreprises vins</td>
<td>Dutch Business Council Korea</td>
</tr>
<tr>
<td>DigitalEurope (formerly the European Association of Consumer Electronics Manufacturers)</td>
<td>French Korean Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>European Pig Producers</td>
<td>Korean-German Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>European Initiative for Sustainable Development in Agriculture</td>
<td>Asia Ireland Chamber of Commerce</td>
</tr>
<tr>
<td>Association for for Emissions Control</td>
<td>Italian Chamber of Commerce in Korea</td>
</tr>
<tr>
<td>EUROALLIAGES</td>
<td>Swedish Chamber of Commerce in Korea</td>
</tr>
<tr>
<td>Fertilizers Europe</td>
<td>Chambers of Commerce in Korea of other MS</td>
</tr>
<tr>
<td>EUTurbines</td>
<td>German Association of the Automotive Industry</td>
</tr>
<tr>
<td>European Man-made Fibres Association</td>
<td>French Automobile Manufacturers’ Association</td>
</tr>
<tr>
<td>European Producers of Renewable Ethanol</td>
<td>Italian Association of the Automobile Industry</td>
</tr>
<tr>
<td>Wind Europe</td>
<td>European Association of Automotive Suppliers</td>
</tr>
<tr>
<td>European Express Association</td>
<td>Korea Chamber of Commerce and Industry</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Associations</th>
<th>Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Korea Chamber of Commerce and Industry</td>
</tr>
<tr>
<td></td>
<td>Korea International Trade</td>
</tr>
</tbody>
</table>
| Industry/SMEs | EU | • Automobile producers and suppliers (e.g. Renault, VW, etc.)
• Consumer electronics producers (e.g. Siemens)
• Express delivery operators (e.g. UPS, FedEx, etc.)
• Members of SME Europe and the European Association of Craft SMEs
• Other key industry/SME actors/investors in different sectors
| Industry/SMEs | Korea | • Automobile producers and suppliers with a presence in the EU (e.g. Hyundai, KIA Motors)
• Consumer electronics producers with a presence in the EU (e.g. Samsung Electronics, LG Display, etc.)
• Other key industry/SME actors/investors in different sectors with a presence in the EU
| Consumer organisations/trade unions/ Other NGOs | EU | • Bureau Européen des Unions de Consommateurs
• European Association for the Defence of Human Rights
• Oxfam Europe
• Greenpeace Europe
• International Federation for Human Rights
| Consumer organisations/trade | Member States | • Member organisations of BEUC
| Consumer organisations/trade unions/ Other NGOs | Member States |
### Evaluation of the Implementation of the Free Trade Agreement between the EU and its Member States and the Republic of Korea – Inception Report

<table>
<thead>
<tr>
<th>Type of Stakeholder</th>
<th>Location</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unions/ Other NGOs</td>
<td>Korea</td>
<td>-</td>
</tr>
<tr>
<td>Consumer organisations/trade unions/ Other NGOs</td>
<td>Korea</td>
<td>-</td>
</tr>
<tr>
<td>Think tanks/ research institutes</td>
<td>EU</td>
<td>-</td>
</tr>
<tr>
<td>Think tanks/ research institutes</td>
<td>Korea</td>
<td>-</td>
</tr>
<tr>
<td>Other (international stakeholders)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

- **Member States’ trade unions**
- **Other relevant NGOs**
- **Korea National Council of Consumer Organisations**
- **National Human Rights Commission of Korea**
- **Korea Human Rights Foundation**
- **Federation of Korean Trade Unions**
- **Korea Foundation for Women**
- **European Foundation for the Improvement of Living and Working Conditions**
- **European Trade Union Confederation**
- **Center for European Policy Studies**
- **EU-Asia Centre**
- **European Institute for Asian Studies**
- **Korea Institute for International Economic Policy**
- **Korea Labour Institute**
- **Korea Development Institute**
- **Korea Research and Innovation Centre – Europe**
- **Korea Institute for Industrial Economics and Trade**
- **Korea Rural Economic Institute**
- **ILO**
- **OIE**
- **International Trade Center**
- **International Centre for Trade and Sustainable Development**
- **International Institute for Sustainable Development**
- **OXFAM International**
- **WWF International**
- **Ethical Trading Association**
- **Universal Postal Union**
- **ActionAid**

*Source: Civic Consulting. Note: a) While the online public consultation covers all interested parties, interviews will be conducted with selected stakeholders.*
9.3. Consultation methods and activities

This sub-section describes our consultation methods and activities, which include in addition to the exploratory interviews (conducted in the inception phase) an online public consultation, complementary surveys on SMEs and consumers, in-depth interviews, a stakeholder workshop and the creation of a dedicated evaluation website.

9.3.1. Online public consultation

We will conduct a 12-week public online consultation via the “Your Voice in Europe” platform in order to gain insight into public perceptions of the EU-Korea FTA. This online consultation will include questions covering the main thematic areas of the evaluation (i.e. the effectiveness, efficiency, coherence and relevance of the EU-Korea FTA), issues that affect the successful implementation of the FTA (e.g. continued existence of non-trade barriers) and specific concerns and desired improvements to the FTA on the part of stakeholders. The consultation targets key stakeholders in the EU across government, business and civil society (though stakeholders in Korea may also participate). It will be publicised via the DG TRADE website, EU Trade News, Twitter and the evaluation website (see sub-section 9.3.5). While the language of the questionnaire will be English, respondents may answer the questionnaire in their native language.

9.3.2. Complementary surveys on SMEs and consumers

In addition to the online public consultation, we will conduct two complementary surveys focusing on the impact of the FTA on two specific stakeholder groups: SMEs and consumers. The results of these surveys will feed into the specific analyses on SMEs and consumers (Tasks 8.9 and 8.10, respectively).

Complementary surveys on SMEs

The survey on SMEs will focus on the advantages and disadvantages associated with the FTA for this particular group. We will implement the survey using an SME Panel Questionnaire, which will be conducted through the Enterprise Europe Network managed by DG GROW. The SME Panel has broad geographical coverage and a high number of network partners, which is expected to ensure representative coverage of SME types and regions.

Complementary surveys on consumers

The survey on consumers will focus on topics that are relevant to consumers. The survey will be targeted to reach a representative sample of EU and Member State consumer organisations and NGOs that work in the field of trade and sustainable development, which we will contact using the aforementioned Civic Consulting stakeholder database. The use of this database will help ensure representative coverage of organisations, both geographically and in terms of interests and causes represented. The survey will be hosted on an online platform (Qualtrics) and participants will be invited by email and followed-up with as necessary to ensure a high completion rate.

9.3.3. Interviews with experts and stakeholder representatives

We will conduct in-depth interviews with academic experts, government officials, business representatives and civil society organisations in the EU and Korea selected

---

122 We propose to extend the survey on consumers to such NGOs as well, as the latter may also have relevant opinions with respect to the impact of the FTA on consumers, without necessarily participating in the general public consultation.
from key organisations listed in the table above. They will inform the case studies that we conduct, though some are also expected to cover broader aspects of the FTA.

9.3.4. Stakeholder workshop

We will organise a one-day workshop tentatively planned for mid-April 2017 (following the delivery and approval of the interim technical report) with key stakeholders (primarily representatives of EU civil society) in Brussels, to present interim findings and obtain input for the final stage of the evaluation from stakeholders. Specific organisational details (location, participants, etc.) will be agreed on in advance with DG TRADE.

The workshop will be structured around the economic, social and environmental impacts of the FTA. The indicative agenda for the workshop is presented below.
Table 10: Indicative stakeholder workshop agenda

<table>
<thead>
<tr>
<th>Topic</th>
<th>Covered aspect</th>
<th>Time</th>
<th>Intended output</th>
</tr>
</thead>
</table>
| Welcome | Welcome by DG Trade  
           | Welcome by Civic Consulting/Ifo Institute | 10.00-10.15 | - |
| Introduction | Aim of the study  
                | Process of study (workplan)  
                | Expected outputs  
                | Discussion, Q&A | 10.15-10.30 | Reaching an understanding of aims of study and workshop |
| EU-Korea FTA and changes in trade policy and regulations | Presentation of study findings  
                                                             | Discussion, Q&A | 10.30-11.00 | Feedback from participants on study results |
| Economic impacts of the FTA | Presentation of: Consultation results  
                                           | Case study results  
                                           | Preliminary results of qualitative and quantitative analyses  
                                           | Discussion, Q&A | 11.00-12.00 | Feedback from participants on study results concerning economic impacts and inputs for next study phase |
| Break | - | 12.00-13.30 | - |
| Social impacts of the FTA | Presentation of: Consultation results  
                                          | Case study results  
                                          | Preliminary results of qualitative and quantitative analyses  
                                          | Discussion, Q&A | 13.30-14.30 | Feedback from participants on study results concerning social impacts and inputs for next study phase |
| Environmental impacts of the FTA | Presentation of: Consultation results  
                                                | Case study results  
                                                | Preliminary results of qualitative and quantitative analyses  
                                                | Discussion, Q&A | 14.30-15.30 | Feedback from participants on study results concerning environmental impacts and inputs for next study phase |
| Wrap up and closing | Summarising key results of the workshop | 15.30-16.00 | Closing the workshop and informing participants on follow ups (where applicable) |

Source: Civic Consulting.

9.3.5. Website

We have created a dedicated website that will serve as the main stakeholder communication tool for the evaluation. Specifically, it will be used to provide an overview of the evaluation, provide news on the progress of the evaluation, publish interim and
final results, facilitate stakeholder contributions (e.g. by providing links to the various surveys) and allow stakeholders to register for updates on specific consultation activities.

Importantly, the publication of relevant links and documents on the evaluation website will provide feedback to stakeholders on how the data from the consultation has been used by the evaluation team (e.g. for the preparation of the interim technical report) which will allow stakeholders to provide further input in case they consider the analysis to be incomplete or biased.

The website went online as of October 4, 2016, and will remain active for at least two years after the date of approval of the final report. The website is accessible via the domain name www.eukorea-eval.com and follows the outline presented on the following page.
### Table 11: Evaluation website outline

<table>
<thead>
<tr>
<th>Webpage/section</th>
<th>Contents</th>
</tr>
</thead>
</table>
| **Homepage**          | • Introductory article on the FTA and the evaluation  
                         • Overview of the evaluation  
                         • Search bar function  
                         • News headings                                                                 |
| **News**              | • Dates of presentations/workshop/stakeholder events  
                         • Dates of publication of reports  
                         • Other relevant news related to the evaluation  
                         • Overview of news items listed on top, with each news item presented below in chronological order (most recent on top) |
| **EU-Korea FTA**      | • Description of the FTA                                                                                                               |
| **Evaluation**        | • More detailed version of introduction  
                         • Objectives and scope of evaluation  
                         • Summary of methodology (key elements only)                                                                                       |
| **Consultation**      | • Consultation strategy (link to downloadable PDF)  
                         • Link to online public consultation page (with link to downloadable PDF version of questionnaire)  
                         • Information on the different online consultation tools/surveys  
                         • Planned dates of related consultation activities  
                         • Workshop agenda  
                         • Workshop registration form                                                                                                         |
| **Documents** (PDF downloads) | • Roadmap  
                         • Approved final version of inception report  
                         • Approved final version of interim technical report  
                         • Approved final version of final report  
                         • Links to key documents/other reports (e.g. Agreement, annual reports, ‘The EU-Korea Free Trade Agreement in practice’, previous studies)  
                         • PowerPoint presentations from stakeholder events/workshop  
                         • Summary notes from stakeholder events/workshop                                                                                   |
| **Team**              | • Descriptions of Civic and Ifo (and link to websites)                                                                                   |
| **Imprint**           | • Legal disclaimer                                                                                                                     |
| To appear in header/footer of all pages | • Contact (email address: eu-korea-eval@civic-consulting.de, address of Civic)  
                         • Link to imprint                                                                                                                   |

*Source: Civic Consulting. Note: Menu items are listed in bold.*
10. **CONDUCTING CASE STUDIES ON THE IMPACT OF THE EU-KOREA FTA ON SUSTAINABLE DEVELOPMENT AND HUMAN RIGHTS**

Case studies conducted for this evaluation will capture the impact of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights. This section describes the criteria we used to select the case studies, which provide both a sectoral and a cross-cutting/thematic perspective. We then provide detailed descriptions of each case study and summarise our approach for implementing the case studies in the next phase of the project, which includes desk research and interviews.

10.1. **Selecting the case studies**

Case studies enable an in-depth examination of specific issues or themes, involving background primary research, collecting data, analysing information, and scrutinising outcomes with a view on their broader implications. As stipulated in the TOR, the case studies are specifically focused on identifying the impact of the EU-Korea FTA on sustainable development in its economic, social and environmental dimensions, as well as on human rights. The TOR also state that the case studies will, in particular, contribute to the analysis of the impact of the EU-Korea FTA on employment in the EU and its Member States; EU SMEs; the functioning of EU markets and sectoral competitiveness; and, EU consumers. These factors are especially important because of the comprehensive nature and high level of ambition of the FTA. The case studies will also be used to address specific evaluation questions where the focus is on effects of the EU-Korea FTA.

In total, we identified eight case studies through our initial research and in-depth literature review, discussions with our expert advisors in the EU and Korea, exploratory interviews with stakeholders. We aimed to arrive at a sufficiently differentiated selection of case studies that provide a balanced picture of the impacts of the EU-Korea FTA across sectors, geographical areas and stakeholder groups, and which are representative of the overall situation.

Five of these case studies are sectoral:

- Automotive sector (passenger cars)
- Consumer electronic goods
- Agricultural sector
- Environmental goods and services
- Postal sector

They were selected on the basis of the following criteria:

- Decrease in the level of protection due to the EU-Korea FTA, both in terms of tariffs and non-tariff barriers
- Sensitive sector in negotiations
- Relevant sector in terms of trade and investment flows
- Social and/or environmental relevance of sector
- Priority sector in past studies and/or consultation processes

The following table indicates which of these specific criteria are relevant for each of the five case studies.
### Table 12: Selection of sectoral case studies

<table>
<thead>
<tr>
<th>Case study</th>
<th>Decrease in level of protection</th>
<th>Sensitive sector in negotiations</th>
<th>Trade relevant sector</th>
<th>Social/Environmental relevance</th>
<th>Priority sector in past studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive sector (passenger cars)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Consumer electronic goods</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Agricultural sector</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Environmental goods and services</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Postal sector</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: Civic Consulting.

In addition to the sector, the scope and focus of the case studies also differ. While we mainly focus on the impact of the EU-Korea FTA on the EU and its Member States, we will also consider relevant aspects in Korea for some of the case studies.

The remaining three case studies are cross-cutting/thematic, focusing on:

- Implementation of institutional mechanisms of the Trade and Sustainable Development chapter
- Use of tariff preferences under the FTA
- Rules of origin

They were selected on the basis of the following criteria:

- Innovative instrument for the new generation of FTAs
- Involvement of stakeholders/civil society
- Human rights relevance
- Potential implementation issues

The following table indicates how these criteria apply to these three case studies.
Table 13: Selection of cross-cutting/thematic case studies

<table>
<thead>
<tr>
<th>Case study</th>
<th>Innovative instrument for new generation of FTAs</th>
<th>Involvement of stakeholders/civil society</th>
<th>Human rights relevance</th>
<th>Potential implementation issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of institutional mechanisms of TSD chapter</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td>(✔)</td>
</tr>
<tr>
<td>Use of tariff preferences under the FTA</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Rules of origin</td>
<td>(✔)</td>
<td>(✔)</td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>

Source: Civic Consulting.

10.2. Detailed descriptions of case studies

Further details on all case studies are presented in the overview tables below. For each of the case studies, we indicate whether it is sectoral or cross-cutting/thematic and provide its topic, scope, focus and specific criteria for selecting the case study, as well as a detailed description, complemented by an overview of planned data sources.
### Automotive sector (passenger cars)

<table>
<thead>
<tr>
<th>Type</th>
<th>Sectoral</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong></td>
<td>EU and selected Member States (e.g. France, Italy, Germany)</td>
</tr>
</tbody>
</table>
| **Focus**     | • Functioning of EU markets and sectoral competitiveness  
• Job creation/destruction within sector in the EU and its Member States  
• EU Consumers |
| **Selection criteria** | • Considerable decrease in protection levels with regard to NTBs  
• Sensitive sector during negotiations (some EU car manufacturers were highly opposed)  
• Sector-specific annex in the FTA  
• High economic relevance for the EU and Korea  
• Considerable social and environmental relevance of the sector (e.g. in terms of employment and emission standards)  
• Past studies reviewed the automotive sector in detail |
| **Description** | The automotive sector was a sensitive sector in the negotiations of the FTA. The considerable decrease in protection levels appears to have led to a significant increase of EU exports to and imports from Korea. This case study will examine the effects of the reduction in tariffs, as well as the effects of various customs-related provisions (e.g. duty drawback) and mitigation of non-tariff measures (such as differences in regulatory requirements) on the market structure and sectoral competitiveness of the EU’s automotive sector. The case study is furthermore suited for an analysis of impacts of the FTA in selected Member States with regards to job creation (e.g. France, Italy, and Germany).  
This case study also intends to examine the effect of the FTA on EU car consumers. In parallel, this case study will consider the effect of the Korean automobile industry’s direct investments in the EU (e.g. Hyundai and Kia have opened plants in the Czech Republic and Slovakia), which took place outside the context of the FTA. |
| **Data sources** | • Past studies and relevant stakeholder documents  
• International statistical databases  
• Output of econometric analysis  
• In-depth interviews (either face-to-face or by phone, depending on interviewee)  
• Surveys on impacts of FTA on producers/SMEs and consumers |
| **Potential stakeholders to be contacted** | • European Automobile Manufacturers Association (EU and Korea offices)  
• Member-State level automotive associations (e.g. German Association of the Automotive Industry)  
• Korean Automobile Manufacturers’ Association  
• Automobile producers in the EU and Korea (e.g. Renault, Hyundai, etc.)  
• European Association of Automotive Suppliers |

*Source: Civic Consulting.*
## Consumer electronic goods

<table>
<thead>
<tr>
<th>Type</th>
<th>Sectoral</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong></td>
<td>EU</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Functioning of EU markets and sectoral competitiveness</td>
</tr>
<tr>
<td></td>
<td>• Job creation/destruction within sector in the EU and its Member States</td>
</tr>
<tr>
<td></td>
<td>• EU consumers</td>
</tr>
<tr>
<td><strong>Selection criteria</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Considerable decrease in protection levels with regard to NTBs</td>
</tr>
<tr>
<td></td>
<td>•Sensitive sector during negotiations</td>
</tr>
<tr>
<td></td>
<td>• Sector-specific annex in the FTA</td>
</tr>
<tr>
<td></td>
<td>• High economic relevance for the EU and Korea, with Korea having a comparative advantage</td>
</tr>
<tr>
<td></td>
<td>• Potentially considerable social relevance in terms of employment and consumer effects</td>
</tr>
<tr>
<td></td>
<td>• Past studies assessed the sector to different degrees</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Consumer electronics were also a sensitive topic in the negotiations of the FTA, in particular since Korea has a comparative advantage in this regard. A key point of interest of the case study will be the impact of the EU-Korea FTA on European consumers and producers of consumer electronic goods. Trade flows regarding consumer goods and the implications of NTB reductions for the competitiveness of EU industries are a focus of this study. The case study is furthermore suited for an analysis of impacts of the FTA with regards to job creation in the EU.</td>
</tr>
<tr>
<td><strong>Data sources</strong></td>
<td>• Past studies and relevant stakeholder documents</td>
</tr>
<tr>
<td></td>
<td>• International statistical databases</td>
</tr>
<tr>
<td></td>
<td>• Output of econometric analysis</td>
</tr>
<tr>
<td></td>
<td>• In-depth interviews (either face-to-face or by phone, depending on interviewee)</td>
</tr>
<tr>
<td></td>
<td>• Surveys on impacts of FTA on producers/SMEs and consumers</td>
</tr>
<tr>
<td><strong>Potential stakeholders to be contacted</strong></td>
<td>• Korea Electronics Association</td>
</tr>
<tr>
<td></td>
<td>• DigitalEurope</td>
</tr>
<tr>
<td></td>
<td>• Consumer electronics producers in the EU (e.g. Siemens)</td>
</tr>
<tr>
<td></td>
<td>• Consumer electronics producers in Korea (e.g. Samsung)</td>
</tr>
</tbody>
</table>

*Source: Civic Consulting.*
<table>
<thead>
<tr>
<th><strong>Agricultural sector</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
</tr>
<tr>
<td><strong>Scope</strong></td>
</tr>
</tbody>
</table>
| **Focus**              | - Sustainable development  
                        | - EU SMEs               
                        | - Functioning of EU markets and sectoral competitiveness |
| **Selection criteria** | - Considerable decrease in protection levels  
                        | - Sensitive sector during negotiations, whereby a number of goods are excluded from the FTA  
                        | - High economic relevance for the EU  
                        | - High social and environmental relevance, resulting from vulnerable producers and consumers, environmental impact of land use, etc.  
                        | - Prioritised and analysed in past studies in detail |

**Description**
The agricultural sector is an important sector in terms of sustainable development. It makes up a considerable share of EU-Korea trade. Furthermore, vulnerable producers raised significant concerns during negotiations of the FTA and the sector has direct impacts on the environment. Korean consumers have a high demand for European agricultural products and processed food products, providing considerable export opportunities for European producers, including producers of small and medium size. Therefore, the case study will consider the implications of the FTA on this sector, also considering the available data with respect to sustainable development.

**Data sources**
- Past studies and relevant stakeholder documents
- International statistical databases
- Output of econometric analysis
- In-depth interviews (either face-to-face or by phone, depending on interviewee)
- Surveys on impacts of FTA on producers/SMEs and consumers

**Potential stakeholders to be contacted**
- DG AGRI
- COPA COGECA
- European Initiative for Sustainable Development in Agriculture
- European Dairy Association
- European Pig Producers
- International Centre for Trade and Sustainable Development
- Korea Rural Economic Institute

*Source: Civic Consulting.*
### Environmental goods and services

<table>
<thead>
<tr>
<th>Type</th>
<th>Sectoral</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong></td>
<td>EU and Korea</td>
</tr>
</tbody>
</table>
| **Focus**  | • Sustainable development  
            • Economic relevance |
| **Selection criteria** | • Potential decrease in protection resulting from commitment to dismantle tariffs within 3 years  
                                • Current economic relevance of the sector is unclear, but the aim is to increase it  
                                • High social and environmental relevance by definition  
                                • EGS have been assessed in the EU-Korea SIA and few other studies |
| **Description** | EU and Korea currently face the common challenge to identify cost-effective technologies and policies contributing to the decarbonisation of the economy. EGS are considered to contribute significantly to this process and are viewed as an important sector in spite of disputes about their definition in both Korea and the EU. The case study will review the current status of EGS trade between the EU and Korea and where possible, establish the implications for the FTA, also considering implications for sustainable development. |
| **Data sources** | • Past studies and relevant stakeholder documents  
                             • International statistical databases  
                             • Output of econometric analysis  
                             • In-depth interviews (either face-to-face or by phone, depending on interviewee)  
                             • Surveys on impacts of FTA on producers/SMEs and consumers |
| **Potential stakeholders to be contacted** | • DG TRADE - Trade and Sustainable Development/Trade and Environment  
                                                  • International Centre for Trade and Sustainable Development  
                                                  • Business associations representing producers of EGS (Association for Emissions Control, EUROALLIAGES, Wind Europe, etc.)  
                                                  • Korea Green Business Association  
                                                  • Korea DAG |

*Source: Civic Consulting.*
### Postal service

<table>
<thead>
<tr>
<th>Type</th>
<th>Sectoral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>EU and Korea</td>
</tr>
</tbody>
</table>
| Focus      | - EU markets’ functioning and sectoral competitiveness  
- Korean regulatory changes |
| Selection criteria | - Decrease in protection levels with respect to express document delivery services permitted under the state monopoly  
- Sensitive sector during negotiations, Korean commitment to implement changes to postal regulatory framework within three years of entry into force of FTA has not yet been fulfilled  
- Sector has not been analysed in detail in past studies |

#### Description

Article 7.26 of the FTA stipulates that the principles of a regulatory framework that applies to postal services aiming to address anti-competitive practices shall be established no later than three years after the entry into force of the FTA. However, Korea has not yet completed the required regulatory changes. The Korean government is in the process of gradually amending its *Postal Service Act* to increase the scope of private delivery services that are permitted under the Korean Postal Authority’s monopoly. When applying these reforms, Korea will provide non-discriminatory opportunities to all postal/express delivery service suppliers in Korea. Korea will also amend Article 3 of the *Enforcement Decree of the Postal Services Act* to extend the aforementioned exceptions to international document express delivery services to coincide with the FTA. The case study will examine implications of the FTA on market functioning and sectoral competitiveness.

#### Data sources

- Past studies and relevant stakeholder documents  
- International statistical databases  
- Output of econometric analysis  
- In-depth interviews (either face-to-face or by phone, depending on interviewee)  
- Surveys on impacts of FTA on producers/SMEs and consumers

#### Potential stakeholders to be contacted

- European Express Association  
- Express delivery operators (e.g. UPS, FedEx, etc.)  
- Universal Postal Union  
- DG COMP

Source: Civic Consulting.
Implementation of institutional mechanisms of the Trade and Sustainable Development chapter

<table>
<thead>
<tr>
<th>Type</th>
<th>Cross-cutting/thematic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>EU and Korea</td>
</tr>
</tbody>
</table>
| Focus                 | • Sustainable development  
                        | • Implementation of the FTA  
                        | • Involvement of civil society  |
| Selection criteria    | • Institutional mechanisms are considered to be a novel instrument of the new generation FTAs  
                        | • Involvement of civil society  
                        | • Questions on the successful implementation of these mechanisms as a forerunner for other FTAs  |
| Description           | The chapter on trade and sustainable development of the EU-Korea FTA is a novelty among EU FTAs. Among other things, this chapter established a Committee on TSD, as well as domestic advisory groups (DAGs) for the EU and Korea and a Civil Society Forum that meets yearly to bring together both DAGs. The Committee on TSD is responsible for overseeing the implementation of the TSD chapter, while the DAGs serve in an advisory role with respect to implementing the chapter. This case study will examine the functioning of these groups, especially with regard to the fields of labour rights, the environment and corporate social responsibility (CSD). The case study will also examine the overall effectiveness of these mechanisms and discuss the extent to which their functioning might be improved.  |
| Data sources          | • Past studies and relevant stakeholder documents  
                        | • In-depth interviews (either face-to-face or by phone, depending on interviewee)  |
| Potential stakeholders to be contacted | • Members of the EU and Korean DAGs  
                        | • Members of the Committee on TSD  
                        | • ILO  
                        | • Federation of Korean Trade Unions  
                        | • Interviewees from sectoral case studies  |

Source: Civic Consulting.
### Use of tariff preferences under the FTA

<table>
<thead>
<tr>
<th>Type</th>
<th>Cross-cutting/thematic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>EU and Korea</td>
</tr>
<tr>
<td>Focus</td>
<td>Low use of preferences in some categories</td>
</tr>
<tr>
<td>Selection criteria</td>
<td>Potential implementation issues related to the FTA</td>
</tr>
<tr>
<td>Description</td>
<td>FTA preferences are not always used by exporters in practice. In particular, in some categories the use of preferences is low, particularly on the side of EU exporters. Potential reasons for the low use of preferences were listed in the Commission’s annual reports of the implementation of the EU-Korea FTA, including the application for approved exporter status and obtaining certificates of origin, marking requirements for certain products, problems with the indirect verification system for the origin of products, and the requirement that the goods are shipped directly from the EU to Korea and vice versa (otherwise known as the Direct Transport clause, which the EU has requested to amend). For example, this requirement would deter producers who make use of logistical hubs, such as chemical companies who ship their products to Singapore or Hong Kong and redistribute to the Asian market from there. A key interest of this case study is to identify categories in which preferences are not fully used and to establish reasons for this lack of use. This case study will also compare the use of tariff preferences under the EU-Korea FTA with the use of tariff preferences under other EU FTAs (e.g. Mexico and Chile).</td>
</tr>
<tr>
<td>Data sources</td>
<td>Past studies and relevant stakeholder documents</td>
</tr>
<tr>
<td></td>
<td>Other relevant documents</td>
</tr>
<tr>
<td></td>
<td>In-depth interviews (either face-to-face or by phone, depending on interviewee)</td>
</tr>
<tr>
<td></td>
<td>Surveys on impacts of FTA on producers/SMEs and consumers</td>
</tr>
<tr>
<td>Potential stakeholders to be contacted</td>
<td>EU Chamber of Commerce in Korea</td>
</tr>
<tr>
<td></td>
<td>BusinessEurope</td>
</tr>
<tr>
<td></td>
<td>SME Europe</td>
</tr>
<tr>
<td></td>
<td>DG TRADE</td>
</tr>
<tr>
<td></td>
<td>Interviewees from sectoral case studies</td>
</tr>
</tbody>
</table>

*Source: Civic Consulting.*
### Rules of origin (RoO)

<table>
<thead>
<tr>
<th>Type</th>
<th>Cross-cutting/thematic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>EU and Korea</td>
</tr>
<tr>
<td>Focus</td>
<td>• Application of RoO</td>
</tr>
<tr>
<td></td>
<td>• Human rights</td>
</tr>
<tr>
<td>Selection criteria</td>
<td>• Considerable change in the provisions compared to the EU’s standard text for RoO at the time of negotiation.</td>
</tr>
<tr>
<td></td>
<td>• Potential relevance to human rights in relation to outward processing zones on the Korean Peninsula</td>
</tr>
<tr>
<td></td>
<td>• Aim for simplification of RoO in terms of application for industries</td>
</tr>
<tr>
<td>Description</td>
<td>Rules of origin (RoO) play an important role in any FTA, as they determine the related preferential treatment of a product. Two aspects were particularly relevant when the RoO were discussed during the EU-Korea trade negotiations.</td>
</tr>
<tr>
<td></td>
<td>On the one hand, the negotiations resulted in a number of changes to the EU’s standard text on RoO. These changes were considered to be in line with the European Commission’s efforts to generally simplify the RoO.</td>
</tr>
<tr>
<td></td>
<td>Two related issues concern duty drawback and anti-fraud. Under a special clause of the FTA, customs duties on part imports can be capped at 5% if there is a significant increase in imports from countries that have not concluded an FTA with the EU or Korea. The Commission undertakes monitoring on duty drawback specifically with respect to the car, consumer electronics and textile industries.</td>
</tr>
<tr>
<td></td>
<td>Regarding anti-fraud, “special provisions on administrative cooperation” were included instead of the anti-fraud provisions aimed at enforcing the correct application of tariff preferences favoured by the Commission (e.g. provisions such as the possibility to temporarily withdraw preferences in the event of a major breach of customs legislation).</td>
</tr>
<tr>
<td></td>
<td>This case study will consider the impact of the application of RoO, duty drawback and the exceptional nature of the provisions on administrative cooperation under the FTA and the impact this has had on EU exports and imports of final products from Korea.</td>
</tr>
<tr>
<td></td>
<td>On the other hand, Korea had a specific interest to include products from outward processing zones on the Korean Peninsula (i.e. products produced in the DPR Korea) under the preferential treatment of the agreement. Considerable human rights concerns on the European side prevented the inclusion of such products in the RoO. However, a specialised committee was established under Chapter 15 of The FTA to further discuss the issue. This case study will therefore also consider the application of the RoO established under the EU-Korea FTA and potential human rights implications.</td>
</tr>
<tr>
<td>Data sources</td>
<td>• Past studies and relevant stakeholder documents</td>
</tr>
<tr>
<td></td>
<td>• In-depth interviews (either face-to-face or by phone, depending on interviewee)</td>
</tr>
<tr>
<td></td>
<td>• Stakeholder consultation workshop</td>
</tr>
</tbody>
</table>

---

123 South Korea indefinitely closed the Kaesong industrial complex located in North Korea in retaliation of rocket launches on the part of the latter in February 2016. As such, discussions regarding OPZ with respect to the EU-Korea FTA have been stalled.
10.3. Implementing the case studies

Implementing the case studies will involve desk research, analysis of previous studies, stakeholder documents and the results of the econometric analysis (for the sectoral case studies). In the framework of the case studies, we will also conduct interviews with experts and stakeholders. Results will be documented and analysed with respect to the objectives of the case studies as presented in the tables above.

The first step for conducting each case study will be dedicated desk research. Two tasks are foreseen in this regard: a document review and a review of available quantitative data. We will first extract relevant evidence on the main issue of the case studies at hand from past studies and reports on the EU-Korea FTA. We will focus particularly on collecting information and analyses regarding the economic, social, environmental and/or human rights dimensions. Where available, we will review additional documents relevant for the case study including academic literature and other stakeholder documents. Secondly, we will collect quantitative data for each case study. We will use the output of the economic analysis conducted for Task 8. Where appropriate, we will also draw on the results of the stakeholder consultations.

Case study interviews will focus on those stakeholders that have experience with the EU-Korea FTA in the area of the case study and can indicate relevant impacts. If results from the surveys give indications of any issue of specific relevance that needs clarification, these will be followed up on. Interviewees will be selected from a list of relevant experts and stakeholders (see section 9 of this report). The interviews will be conducted face-to-face, by phone or by email, depending on the availability of the interviewee.

During the analysis of case study results, the information gained from desk research and the stakeholder interviews will be compared and validated against the results of the economic analysis, and any differences will be commented on.
11. MANAGEMENT OF THE WORK

11.1. Work Plan

The evaluation will be implemented according to the work plan presented on the following pages. As of the date of submission of this report, tasks 1-5 have been completed.
## Table 14: Work Plan

<table>
<thead>
<tr>
<th>Task</th>
<th>Step</th>
<th>Description</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td></td>
<td>Starting up the evaluation</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td></td>
<td>Brainstorming within the expert team</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td></td>
<td>Kick-off meeting</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td></td>
<td>Designing the consultation strategy for the evaluation</td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td></td>
<td>Exploratory interviews</td>
<td></td>
</tr>
<tr>
<td>1.6</td>
<td></td>
<td>Document review (task 3)</td>
<td></td>
</tr>
<tr>
<td>1.7</td>
<td></td>
<td>Confirmation of proposed case studies</td>
<td></td>
</tr>
<tr>
<td>1.8</td>
<td></td>
<td>Description of the EU-Korea FTA (task 4)</td>
<td></td>
</tr>
<tr>
<td>1.9</td>
<td></td>
<td>Refining the intervention logic of the EU-Korea FTA (task 1)</td>
<td></td>
</tr>
<tr>
<td>1.10</td>
<td></td>
<td>Finalising the composition of the scientific advisory group for the evaluation</td>
<td></td>
</tr>
<tr>
<td>1.11</td>
<td></td>
<td>Updating the approach and preparing methodological tools</td>
<td></td>
</tr>
<tr>
<td>1.12</td>
<td></td>
<td>Setting up the evaluation website (task 5)</td>
<td></td>
</tr>
<tr>
<td>1.13</td>
<td></td>
<td>Inception report</td>
<td></td>
</tr>
</tbody>
</table>

Tasks 1 to 5: Structuring the evaluation

<table>
<thead>
<tr>
<th>Task</th>
<th>Step</th>
<th>Description</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td></td>
<td>Contacting key stakeholder organisations</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td></td>
<td>Conducting the online public consultation</td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td></td>
<td>Complementary surveys on impact of EU-Korea FTA on SMEs and consumers</td>
<td></td>
</tr>
<tr>
<td>2.4</td>
<td></td>
<td>Interviewing experts and stakeholder representatives</td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td></td>
<td>Conducting a workshop with key stakeholders</td>
<td></td>
</tr>
<tr>
<td>Task</td>
<td>Step</td>
<td>Description</td>
<td>Months</td>
</tr>
<tr>
<td>------</td>
<td>------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td></td>
<td>3.1</td>
<td>Selection of the case studies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2</td>
<td>Drafting the case study guide</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3</td>
<td>Conducting the case studies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.4</td>
<td>Analysis of case study results</td>
<td></td>
</tr>
<tr>
<td>Task 7: Conducting case studies</td>
<td>4.1</td>
<td>Analyse the evolution of trade in goods between the EU and Korea (task 8.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.2</td>
<td>Econometric analysis (task 8.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.3</td>
<td>Analyse the evolution of trade in services and FDI (task 8.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.4</td>
<td>Identify the non-tariff measures affecting EU-Korea trade (task 8.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.5</td>
<td>Analyse effects of implementation of customs related provisions (task 8.5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.6</td>
<td>Analyse the implementation of other areas of the EU-Korea FTA (task 8.6)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.7</td>
<td>Identify issues which may prevent exploiting benefits of the FTA (task 8.7)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.8</td>
<td>Identify regulatory changes undertaken by EU &amp; Korea due to FTA (task 8.8)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.9</td>
<td>Analyse the impact of the EU-Korea FTA on SMEs (task 8.9)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.10</td>
<td>Analyse the impact of the EU-Korea FTA on consumers (task 8.10)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.11</td>
<td>Analyse the impact of the EU-Korea FTA on the EU budget (task 8.11)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.12</td>
<td>Analyse effect of EU-Korea FTA on sustainable development (task 8.12)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.13</td>
<td>Examine the impact of the EU-Korea FTA on human rights (task 8.13)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.14</td>
<td>Consider the significance of the informal economy (task 8.14)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.15</td>
<td>Analyse impact of EU-Korea FTA on devel. countries and LDCs (task 8.15)</td>
<td></td>
</tr>
</tbody>
</table>
### Evaluation of the Implementation of the Free Trade Agreement between the EU and its Member States and the Republic of Korea – Inception Report

<table>
<thead>
<tr>
<th>Task</th>
<th>Step</th>
<th>Description</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 9: Addressing evaluation questions</td>
<td>5.1</td>
<td>Refining the analytical framework and judgement criteria for the evaluation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.2</td>
<td>Processing evidence collected under tasks 6-8 and interim technical report</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.3</td>
<td>Triangulating and validating the collected data</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.4</td>
<td>Synthesis of results and drafting answers to evaluation questions</td>
<td></td>
</tr>
<tr>
<td>Task 10: Cross-cutting analysis and recommendations</td>
<td>6.1</td>
<td>Follow-up interviews</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.2</td>
<td>Overall judgement and refinement of answers to the evaluation questions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.3</td>
<td>Conclusions and recommendations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.4</td>
<td>Draft final report</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.5</td>
<td>Final report</td>
<td></td>
</tr>
<tr>
<td>Reports</td>
<td></td>
<td></td>
<td>IN</td>
</tr>
<tr>
<td>Meetings</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

11.2. Risk Management

To ensure that the objectives of the evaluation are achieved, we apply a continuous risk management approach to this study. We first compiled a risk list including the likelihood and the impact of the identified risks as well as preventive or contingency actions to be taken to control these risks according to the different steps of the evaluation.

Potential risks include cross-cutting risks related to the implementation of the evaluation and reporting, as well as more specific risks arising in the individual steps and tasks of the study. The table below provides an overview of both cross-cutting and specific risks.

Beyond the risks listed in the below table, it is likely that our study team will identify additional risks throughout the project. In particular, these could be linked to the overall timeline, the discussions held in exploratory interviews or the initial consultations with stakeholders.

As a result, we are utilising an iterative cycle of risk detection, analysis, management and monitoring to maintain and update the initial risk list during each step of the evaluation.

Each review of the risk list will follow these steps:

- Reassessment of relevance of listed risks;
- Summary of actions taken to mitigate existing risks and of progress status; if applicable;
- Identification of new risks;
- Assessment/reassessment of likelihood and impact of risks;
- Definition and/or refinement of preventive or contingency actions for all identified risks;
- Assessment/reassessment of risk criticality and assignment of priorities;
- Assignment of responsible team members for tracking and addressing the most critical risks; and,
- Assessment of interrelationships between risks.

Using the initial identification of risks and contingency plan, as well as the interactive cycle of risk management described above, we expect that potential adverse impacts on the implementation of the study can largely be avoided.
### Table 15: Cross-cutting and specific risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Tasks</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Preventative/contingency actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cross-cutting risks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disagreement in the analysis and interpretation of results and recommendations</td>
<td>All</td>
<td>M</td>
<td>H</td>
<td>• Steering group chair moderation (external)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Team leader and quality assurance manager moderation (internal)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Discussion and clarifications with DG TRADE</td>
</tr>
<tr>
<td>Lack of timely delivery of outputs</td>
<td>All</td>
<td>L</td>
<td>M</td>
<td>• Proactive approach to task development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Experienced management team with flexibility to prioritise outputs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Clear project management approach</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Routine updates and meetings with DG TRADE to ensure that progress is being made and managed</td>
</tr>
<tr>
<td><strong>Specific Risks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unavailability of data from centralised sources</td>
<td>7-9</td>
<td>M</td>
<td>H</td>
<td>• Complementarity of different methodological tools</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Focused development of methodological tools to improve data collection</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Extensive consultation of various stakeholder groups at EU, MS levels and in Korea</td>
</tr>
<tr>
<td>Low response to online consultation/surveys</td>
<td>6-9</td>
<td>M</td>
<td>H</td>
<td>• Initial engagement will be supported by the Commission and accompanying recommendation letter</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Use of focused questionnaire</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Informing stakeholders of survey prior to roll-out</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Internal piloting of surveys prior to roll-out</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Follow-up by e-mail and if necessary, telephone with reminders</td>
</tr>
<tr>
<td>Lack of accurate or complete information in case studies</td>
<td>7, 9</td>
<td>M</td>
<td>M</td>
<td>• Complementarity of data provided through surveys and case studies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Follow up of inaccuracies with the relevant stakeholders</td>
</tr>
<tr>
<td>Highly diverging information from different stakeholders</td>
<td>6-9</td>
<td>M</td>
<td>M</td>
<td>• High degree of data collection efforts, use of standardised templates in which information gaps can be quickly identified and addressed</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>-----</td>
<td>---</td>
<td>---</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Highly diverging information between econometric/CGE modelling and case studies/information from stakeholders</td>
<td>6-8</td>
<td>M</td>
<td>H</td>
<td>• Complementarity of data sources used in econometric/CGE modelling and desk research for case studies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Careful review and cross-verification of discrepancies across tasks</td>
</tr>
<tr>
<td>Challenges related to cultural and/or linguistic differences</td>
<td>6-9</td>
<td>M</td>
<td>M</td>
<td>• Cooperation with experts in both EU and Korea</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Awareness of cultural characteristics</td>
</tr>
<tr>
<td>Insufficient data on certain aspects (human rights, environmental impacts, informal economy)</td>
<td>8</td>
<td>M</td>
<td>M</td>
<td>• Complementarity of different methodological tools; use of specific and standard indicators; Consultation of various stakeholder groups at EU and MS level</td>
</tr>
</tbody>
</table>

Source: Civic Consulting.
ANNEX: STATISTICAL DATA COLLECTED
This annex provides a brief overview of the current EU trade picture with respect to Korea. It also presents the sectoral data gathered thus far for the case studies. The latter data were collected to provide a basic overview of the sectors that will be covered by the case studies; more detailed data will be gathered as desk research is completed in the next phase of the evaluation and will be presented in the interim report.

Overview

Imports and exports

As shown in the table below, EU exports to Korea were up by 55 percent over the past five years, from approximately EUR 28 billion in 2010 to EUR 48 billion in 2015. EU imports from Korea increased by slightly over 5 percent over the same period, from roughly EUR 39 billion to EUR 42 billion.

In 2015, machinery and appliances were the largest category of EU exports to Korea, representing 30 percent of total EU exports to Korea. Machinery and appliances were also the largest category of EU imports from Korea, accounting for 36 percent of the total.

Figure 2: EU exports/imports to/from Korea (EUR billions), 2010-2015

![Chart showing EU exports and imports to and from Korea from 2010 to 2015.]

Source: COMEXT.

Preference utilisation rate

The EU preference utilisation rate on the Korean market was 65 percent in 2015, down from 66 percent in the previous year. In comparison, the Korean preference utilisation rate on the EU market was 84 percent as of 2014.

Data for case studies

In advance of conducting the case studies during the interim technical phase, we began collecting data that will be used in the analysis of the sectoral case studies. Specifically, we have gathered import and export data on passenger cars, dairy and meat products, postal/courier services and financial services. These data are presented in the tables below.
EU exports of passenger cars to Korea increased by nearly nine-fold over the past decade, from approximately EUR 806 million in 2010 to EUR 7 billion in 2015. European imports of Korean cars increased by a lesser amount, going from EUR 2.6 billion in 2010 to roughly EUR 4.3 billion in 2015.

EU exports of dairy products to Korea increased by a factor of four from 2010 to 2015, from EUR 62 million to EUR 266 million. EU imports of dairy products from Korea
remained at a very low level (such that they are difficult to view in the above graph) but increased (from EUR 50,000 to EUR 331,000).

**Figure 5: EU exports/imports of meat products to/from Korea (EUR), 2010-2015**

![EU exports/imports of meat products to/from Korea (EUR), 2010-2015](chart)

EU exports of meat and meat preparations to Korea more than doubled over the course of 2010-2015, from EUR 246 million to EUR 562 million. EU imports of meat products from Korea (also much lower, such that they are difficult to view above) increased from EUR 149,000 to EUR 712,000.

**Figure 6: EU exports/imports of postal and courier services to/from Korea (EUR millions), 2010-2012**

![EU exports/imports of postal and courier services to/from Korea (EUR millions), 2010-2012](chart)

Data on EU-Korea trade in postal and courier services was only available from 2010-2012. However, the data make apparent that trade in this sector significantly increased following the 2011 entry into force of the EU-Korea FTA. Exports of postal and courier
services to Korea went from EUR 25 million in 2010 to EUR 173 million in 2012, while imports of these services saw a modest, 10 percent increase from 1 EUR 3.1 million in 2010 to EUR 14.4 million in 2012.

Figure 7: EU exports/imports of financial services to/from Korea (EUR millions), 2010-2012

In contrast to the sectors displayed in previous tables, EU-Korea trade in financial services decreased over the period 2010-2012, likely a consequence of the global financial crisis and the subsequent Euro crisis. Exports of financial services decreased by 3 percent from 2010 to 2011 before bouncing back again in 2012. On the other hand, imports fell by nearly half from 2010 to 2012, from EUR 335 million to EUR 182 million.
ANNEX: LITERATURE REVIEWED
Table 16: List of literature reviewed

<table>
<thead>
<tr>
<th>Author</th>
<th>Title</th>
<th>Year</th>
<th>Content tags</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson, J.E. &amp; Yotov, Yoto</td>
<td>The Changing Incidence of Geography</td>
<td>2010</td>
<td>Academic article, Economic analysis</td>
</tr>
<tr>
<td>Anderson, J.E. and co-authors</td>
<td>How Much Does Geography Deflect Services Trade?</td>
<td>2014</td>
<td>Academic article, Economic analysis, Services</td>
</tr>
<tr>
<td>Anderson, J.E. and co-authors</td>
<td>Dark Costs, Missing Data: Shedding Some Light on Services Trade</td>
<td>2015</td>
<td>Academic article, Economic analysis, Services</td>
</tr>
<tr>
<td>Baier, Scott &amp; Bergstrand, Jeffrey</td>
<td>Do Free Trade Agreement Actually Increase Members’ International Trade?</td>
<td>2007</td>
<td>Academic article, Economic analysis,</td>
</tr>
<tr>
<td>Baier, Scott and co-authors</td>
<td>Economic integration agreements and the margins of international trade</td>
<td>2014</td>
<td>Academic article, Economic analysis,</td>
</tr>
<tr>
<td>Bergstrand, Jeffrey and co-authors</td>
<td>Ex-Post Assessment of Six EU Free Trade Agreements</td>
<td>2011</td>
<td>EU, Ex-post, Report, WITS, Gravity, Matching</td>
</tr>
<tr>
<td>Bergstrand, Jeffrey and co-authors</td>
<td>Economic Integration Agreements, Border Effects, and Distance Elasticities in the Gravity Equation</td>
<td>2015</td>
<td>Academic article, Economic analysis, Gravity</td>
</tr>
<tr>
<td>Bouet, A. and co-authors</td>
<td>A Consistent, Ad-Valorem Equivalent Measure of Applied Protection Across the World</td>
<td>2004</td>
<td>Academic article, Economic analysis</td>
</tr>
<tr>
<td>Brando, Nicolas and co-authors</td>
<td>Assessing the impact of EU trade and development policies on human rights</td>
<td>2013</td>
<td>EU, Guidance, Human rights</td>
</tr>
<tr>
<td>Buehn, A. &amp;</td>
<td>Size and Development of the Shadow Economies of Portugal and 35 other OECD Countries from 2003 to 2012</td>
<td>2012</td>
<td>Academic article, Economic analysis,</td>
</tr>
<tr>
<td>Name</td>
<td>Title</td>
<td>Year</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------------------------------------------------</td>
<td>------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Schneider, F.</td>
<td>2013: Some New Facts</td>
<td></td>
<td>Informal economy</td>
</tr>
<tr>
<td>Caliendo, Lorenzo &amp; Parro, Fernando</td>
<td>Estimates of the Trade and Welfare Effects of NAFTA</td>
<td>2015</td>
<td>Academic article, Economic analysis</td>
</tr>
<tr>
<td>Choi, Nakgyoon</td>
<td>Impacts and Main Issues of the Korea-China FTA</td>
<td>2012</td>
<td>FTA Description, Korea, Report</td>
</tr>
<tr>
<td>Copeland, Brian &amp; Taylor, M. Scott</td>
<td>Trade, Growth, and the Environment</td>
<td>2004</td>
<td>Academic article, Economic analysis, Environmental impacts</td>
</tr>
<tr>
<td>Dai, M. and co-authors</td>
<td>On the Trade Diversion Effects of Free Trade Agreements</td>
<td>2014</td>
<td>Academic article, Economic analysis</td>
</tr>
<tr>
<td>De Schutter, Olivier</td>
<td>Guiding principles on human rights impact assessments of trade and investment agreements</td>
<td>2011</td>
<td>Guidance, Human rights</td>
</tr>
<tr>
<td>Decreux, Yvan and co-authors</td>
<td>The Economic Impact of the Free Trade Agreement (FTA) between the European Union and Korea</td>
<td>2010</td>
<td>EU, Economic analysis, Ex-ante, Korea, Report, Eurostat, CEPII, WTO, WITS, CGE</td>
</tr>
<tr>
<td>Development Solutions</td>
<td>A Trade SIA Relating to the Negotiation of a Comprehensive Economic and Trade Agreement (CETA) Between the EU and Canada - Annexes to Final Report</td>
<td>2015</td>
<td>Canada, EU, Ex-ante, SIA</td>
</tr>
<tr>
<td>Eaton, Jonathan &amp; Kortum, Samuel</td>
<td>Technology, Geography, and Trade</td>
<td>2002</td>
<td>Academic article, Economic analysis, Econometric analysis</td>
</tr>
<tr>
<td>Ecorys</td>
<td>Trade Sustainability Impact Assessment in support of negotiations of a DCFTA between the EU and Jordan - Final Report</td>
<td>2014</td>
<td>CGE, EU, Ex-ante, Jordan, SIA, GTAP</td>
</tr>
<tr>
<td>Ecorys</td>
<td>Ex-post evaluation of the implementation of the EU-Mexico Free Trade Agreement - Annexes to the Interim</td>
<td>2015</td>
<td>EU, Ex-post, Mexico, Report</td>
</tr>
<tr>
<td>Technical Report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ecorys</strong></td>
<td>Report of the Stakeholder Consultation Workshop on the EU-Mexico Free Trade Agreement</td>
<td>2015</td>
<td>Consultation, EU, Mexico, Report</td>
</tr>
<tr>
<td><strong>Ecorys</strong></td>
<td>Ex-post evaluation of the implementation of the EU-Mexico Free Trade Agreement - Interim Technical Report</td>
<td>2015</td>
<td>CGE, EU, Ex-post, GTAP, Gravity, Mexico, OECD, Report, WITS</td>
</tr>
<tr>
<td><strong>Ecorys</strong></td>
<td>Evaluation of the impacts of the EU-Mexico Free Trade Agreement - Invitation to the Workshop</td>
<td>2015</td>
<td>Communication, Consultation, EU, Mexico</td>
</tr>
<tr>
<td><strong>Egger, Peter and co-authors</strong></td>
<td>The Trade Effects of Endogenous Preferential Trade Agreements</td>
<td>2011</td>
<td>Academic article, Economic analysis,</td>
</tr>
<tr>
<td><strong>Europe Economics</strong></td>
<td>An analysis of the issue of consumer detriment and the most appropriate methodologies to estimate it</td>
<td>2007</td>
<td>Consumer, Guidance</td>
</tr>
<tr>
<td><strong>European Commission</strong></td>
<td>EU-Korea FTA: a quick reading guide</td>
<td>2009</td>
<td>Background, EU, FTA Description, Korea</td>
</tr>
<tr>
<td><strong>European Commission</strong></td>
<td>The EU-Korea Free Trade Agreement in practice</td>
<td>2011</td>
<td>Background, EU, FTA Description, Korea</td>
</tr>
<tr>
<td><strong>European Commission</strong></td>
<td>The economic impact of the EU-Singapore Free Trade Agreement</td>
<td>2013</td>
<td>CGE, EU, Eurostat, Ex-ante, GTAP, OECD, Report, Singapore</td>
</tr>
<tr>
<td><strong>European Commission</strong></td>
<td>Assessing and Addressing the Effects of Trade on Employment</td>
<td>2013</td>
<td>Economic analysis, Guidance, ILO conventions, Sustainable development</td>
</tr>
<tr>
<td><strong>European Commission</strong></td>
<td>Annual Report on the Implementation of the EU-Korea FTA</td>
<td>2014</td>
<td>EU, FTA Description, Korea, Report</td>
</tr>
<tr>
<td>Source</td>
<td>Title</td>
<td>Year</td>
<td>Keywords</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-----------------------------------------------------------------------</td>
<td>------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>European Commission</td>
<td>Trade for all</td>
<td>2015</td>
<td>Background, EU, FTA Description</td>
</tr>
<tr>
<td>European Commission</td>
<td>Global Europe: competing in the world</td>
<td>2006</td>
<td>Background, EU, FTA Description</td>
</tr>
<tr>
<td>European Commission</td>
<td>Joint Statement of the 4th Meeting of the Committee on Trade and Sustainable Development under the Korea-EU FTA</td>
<td>2015</td>
<td>Communication, EU, Implementation of FTA, Korea, Sustainable development</td>
</tr>
<tr>
<td>European Commission</td>
<td>Q &amp; A on “Trade for all”, the Commission's new trade &amp; investment strategy</td>
<td>2015</td>
<td>Background, EU</td>
</tr>
<tr>
<td>European Commission</td>
<td>Sustainability Impact Assessment (SIA) in support of an investment protection agreement between the European Union and the Republic of the Union of Myanmar</td>
<td>2015</td>
<td>EU, Ex-ante, ILO, Logic chain, Myanmar, SIA, WITS</td>
</tr>
<tr>
<td>European Commission</td>
<td>Evaluation of the Free Trade Agreement between the EU and its Member States and the Republic of Korea - Fitness Check Roadmap</td>
<td>2015</td>
<td>Background, EU, Korea</td>
</tr>
<tr>
<td>European Commission</td>
<td>Public Consultation on the future of EU-Turkey trade and economic relations</td>
<td>2016</td>
<td>Consultation, EU, Turkey</td>
</tr>
<tr>
<td>European Council</td>
<td>Free trade Agreement between the European Union and its Member States and the Republic of Korea</td>
<td>2011</td>
<td>EU, FTA Description, Korea, Legal</td>
</tr>
<tr>
<td>European Parliament</td>
<td>An Assessment of the EU-Korea FTA</td>
<td>2010</td>
<td>EU, FTA Description, Korea, Report</td>
</tr>
<tr>
<td>Fajgelbaum, Pablo &amp; Amit Khandelwal</td>
<td>Measuring the Unequal Gains from Trade</td>
<td>2016</td>
<td>Academic article, economic analysis,</td>
</tr>
<tr>
<td>Fontagné, L. and co-authors</td>
<td>Estimations of Tariff Equivalents for the Services Sectors</td>
<td>2011</td>
<td>Academic article, economic analysis, Services</td>
</tr>
<tr>
<td>Forslid, Rikard, T. Okubo and K. H.</td>
<td>Why are Firms that Export Cleaner? International trade, Abatement and Environmental Emissions.</td>
<td>2015</td>
<td>Academic article, Economic analysis, Environmental impacts</td>
</tr>
<tr>
<td>Author/Source</td>
<td>Title/Description</td>
<td>Year</td>
<td>Categories</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ulltveit-Moe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Francois, J. F.</td>
<td>Economic Impact of a Potential Free Trade Agreement (FTA) Between the European Union and South Korea</td>
<td>2007</td>
<td>CGE, EU, Economic analysis, Ex-ante, GTAP, Korea, Report</td>
</tr>
<tr>
<td>Gaulier, G. &amp; Zignano, S.</td>
<td>BACI, International Trade Database at the Product-Level</td>
<td>2010</td>
<td>Academic article, Economic analysis</td>
</tr>
<tr>
<td>Guerin, Selen Sarisoy and co-authors</td>
<td>A Qualitative Analysis of a Potential Free Trade Agreement between the European Union and South Korea</td>
<td>2007</td>
<td>EU, Economic Analysis, Ex-ante, Korea, Report, CGE, GTAP</td>
</tr>
<tr>
<td>Heid, B. and co-authors</td>
<td>A Simple Method to Estimate the Effects of Non-discriminatory Trade Policy within Structural Gravity Models</td>
<td>2015</td>
<td>Academic article, Economic analysis, Gravity</td>
</tr>
<tr>
<td>IBM Belgium</td>
<td>Trade Sustainability Impact Assessment of the EU-Korea FTA: Final Global Analysis Report</td>
<td>2008</td>
<td>CGE, EU, Ex-ante, FTA Description, GTAP, Korea, SIA</td>
</tr>
<tr>
<td>ILO</td>
<td>Reports of the Committee on Freedom of Association</td>
<td>Various years</td>
<td>Korea, Human rights, Report</td>
</tr>
<tr>
<td>ITAQA</td>
<td>Evaluation of the Economic Impact of the Trade Pillar of the EU-Chile Association Agreement - Final Report</td>
<td>2012</td>
<td>CGE, CN8, Chile, EU, Economic analysis, Ex-post, Gravity, Report</td>
</tr>
<tr>
<td>Jean, Sebastien and co-authors</td>
<td>A general equilibrium, ex-post evaluation of the EU-Chile FTA</td>
<td>2012</td>
<td>Academic article, Chile, EU, Econometric analysis, Economic analysis, Ex-post, CGE, Eurostat</td>
</tr>
<tr>
<td>Lakatos, Csilla &amp; Nilsson, Lars</td>
<td>The EU-Korea FTA: Anticipation, Trade Policy Uncertainty and Impact</td>
<td>2015</td>
<td>Academic article, EU, Econometric analysis, Economic analysis, Korea, Eurostat, CN8,</td>
</tr>
<tr>
<td>Author/Source</td>
<td>Title</td>
<td>Year</td>
<td>Description/Category</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>------</td>
<td>-------------------------------------------------------------------</td>
</tr>
<tr>
<td>Lee, Jong-kyu</td>
<td>KOREA-EU FTA : Major Features and Implications</td>
<td>2009</td>
<td>EU, Ex-ante, FTA Description, Korea, Report</td>
</tr>
<tr>
<td>Lenzen, M., D. Moran, K. Kanemoto, B. Foran, L. Lobefaro, and A. Geschke</td>
<td>International trade drives biodiversity threats in developing nations</td>
<td>2012</td>
<td>Academic article, Economic analysis, Environmental impacts, Developing country</td>
</tr>
<tr>
<td>Marx, Axel and co-authors</td>
<td>EU-Korea Relations in a Changing World</td>
<td>2013</td>
<td>EU, FTA Description, Korea, Report</td>
</tr>
<tr>
<td>Narayananan, G. and co-authors</td>
<td>Global Trade, Assistance, and Production: the GTAP 9 Database</td>
<td>2015</td>
<td>Academic article, Economic analysis, GTAP</td>
</tr>
<tr>
<td>Rigod, Boris</td>
<td>Trade in Goods under the EU-Korea FTA: Market Access and Regulatory Measures</td>
<td>2013</td>
<td>Academic article, EU, FTA Description, Goods, Korea, Regulatory changes</td>
</tr>
<tr>
<td>Schneider, Friedrich</td>
<td>Size and Development of the Shadow Economy of 31 European and 5 other OECD Countries from 2003 to 2015: Different Developments</td>
<td>2015</td>
<td>Academic article, Economic analysis, Informal economy</td>
</tr>
<tr>
<td>Song, Yeongkwan</td>
<td>KORUS FTA vs. Korea-EU FTA: Why the Differences?</td>
<td>2011</td>
<td>EU, FTA Description, Korea, Report, USA</td>
</tr>
<tr>
<td>Youngs, Richard</td>
<td>A New Context for EU-Korean Relations</td>
<td>2013</td>
<td>EU, FTA Description, Korea, Report</td>
</tr>
</tbody>
</table>
Zylkin, Thomas  | Not all Free Trade Agreements have the same Advantages | 2014 | Academic article, Economic analysis

Source: Civic Consulting.