

04.03.2019  
Brussels,  
IM/is Ares(2019) 1464976

Dear Minister Yoo, Dear Minister Lee,

Let me first congratulate Minister Yoo on her recent appointment as Minister of Trade and express my confidence in continued good cooperation.

I am writing to you regarding the government consultations requested by the European Union on 17 December 2018 concerning the lack of full implementation by Korea of the Trade and Sustainable Development (TSD) Chapter of the EU-Korea Free Trade Agreement (FTA). These consultations, which took place on 21 January 2019 in Seoul, were very useful as they provided a number of clarifications regarding Korea's efforts. However, they have also strengthened our view that further urgent steps are required for Korea to meet its FTA commitments. Such steps require prompt actions by the Korean Government and the National Assembly.

The European Union has welcomed and fully supports President Moon's leadership on labour reforms and his confirmation that he is working on the implementation of his campaign pledges set out in his *"100 priority tasks"* of July 2017, which include *"building the society where labour is respected"* and *"pursuit of the ratification of the ILO's core conventions"*.

While a range of issues tackled in the context of these labour reforms are largely of a domestic nature, some key elements have an important international dimension, most notably the alignment of Korea's labour regime with International Labour Organisation (ILO) principles and the ratification by Korea of four fundamental ILO Conventions that it has not yet ratified.

It is of utmost importance that the ongoing discussions in Korea in this regard soon lead to a successful outcome. In that respect, I would like to highlight the following elements.

Korea, as a developed country and OECD member, is a leading nation and an example in international trade. It thus bears a responsibility with respect to the principles enshrined in the fundamental ILO Conventions, to show that economic development and trade can and do go hand in hand with the respect and promotion of labour rights.

Maintaining a labour regime in line with the ILO Conventions also makes economic sense. Indeed, there is abundant evidence that companies flourish and become more competitive in countries that have put in place a legal framework and practices that guarantee the fundamental rights and principles at work and ensure an effective social dialogue.

MOTIE: H.E. Ms YOO Myung-hee  
Minister of Trade  
Republic of Korea

MOEL: H.E. Mr LEE Jae-kap  
Minister of Employment and Labour  
Republic of Korea

In the same vein, business needs to meet the standards of responsible business conduct. Together, we have developed and adopted the OECD Guidelines for Multinational Enterprises and guidelines on general due diligence that set clear expectations on companies to adopt responsible business practices including on fundamental labour rights throughout the supply chains.

Korea is a valued partner for the European Union and our FTA has produced considerable economic gains for both sides. However, our trade relationship is not only about flows of goods and services; it is also about values and the commitments made on trade related issues such as international labour standards. These commitments are critical to ensure that workers are treated fairly, can exercise their rights freely and share the benefits of the FTA. They are also critical for sustaining the legitimacy of the FTA.

Since the FTA's entry into force in 2011, the European Union has discussed with Korea issues concerning its compliance with labour commitments under the TSD Chapter on numerous occasions.

Our main concerns nevertheless remain. We call on Korea to respect in its law and practices the ILO core principles of freedom of association and the effective recognition of the right to collective bargaining. We also call for its ratification of four pending fundamental ILO Conventions: two related to ensuring freedom of association and the right to collective bargaining; and two concerning the elimination of the use of forced labour in all its forms.

The period of 90 days following the request for government consultations, after which the European Union can refer the matter for examination to a panel of experts, expires on 18 March 2019. Unless we see substantive action by Korea to address our concerns soon, it will be very difficult to justify not moving forward to the next steps of the enforcement procedure.

It is therefore of paramount importance that Korea provides evidence of concrete steps to address the above concerns well ahead of the 8<sup>th</sup> FTA Trade Committee meeting in Seoul on 9 April 2019.

I look forward to your feedback to ensure that the European Union is able to take a well-informed decision on whether or not to request the convening of a panel of experts to examine the matter. I also hope this feedback can set a positive tone for the upcoming discussions at the FTA Trade Committee.

Yours sincerely,



Cecilia Malmström

Cc:

Mrs Marianne THYSSEN, Commissioner for Employment, Social Affairs, Skills and Labour Mobility

H.E. Mr HONG Nam-ki, Deputy Prime Minister and Minister of Economy and Finance

Mr. MOON Hee-Sang, Speaker of the National Assembly