



## **EU-KOREA FREE TRADE AGREEMENT**

### **7<sup>th</sup> Committee on Trade and Sustainable Development Joint Minutes**

13<sup>th</sup>- 14<sup>th</sup> April 2021

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The Republic of Korea and the European Union (EU) held the seventh meeting of the Committee on Trade and Sustainable Development (CTSD) under the EU-Korea Free Trade Agreement (FTA) via videoconference on 13 and 14 April 2021.

The CTSD was co-chaired by the Director for Africa, Caribbean & Pacific, South East and South Asia, Trade and Sustainable Development, and Green Deal at the Directorate-General for Trade of the European Commission; and by the Director General of International Cooperation Bureau of the Korean Ministry of Employment and Labour, and by the Director of International Cooperation Division of Korea's Ministry of Environment.

#### **1. Opening remarks and adoption of the agenda**

In their introductions, the two sides while regretting that they could not meet in person due to the travelling restrictions caused by the Covid-19 pandemic, agreed on the significance of resuming the meetings of the CTSD, that have been on hold since 2018. The EU, as the host, also recalled the importance of advancing on the implementation of the TSD Chapter of the FTA that is now in its tenth anniversary. The draft agenda was adopted.

#### **2. Update on the work of the Domestic Advisory Groups**

The EU and Korea took note of the account of the discussions at the Civil Society Forum (CSF) held on 12 April 2021 delivered by the Chair of the EU Domestic Advisory Group (DAG) and the Chair of the Korean DAG.

The co-Chairs of the CSF recalled the tenth anniversary of the FTA and informed that the focus of the discussions of the CSF had been on: i) working time – challenges and opportunities ahead in the EU and Korea, ii) ratification of ILO Conventions, and iii) social dialogue as a

driver for future development. They also informed that back to back with the CSF a technical workshop was organised to discuss environmental topics, specifically "Circular Economy and the Recycling of Batteries".

The co-Chairs of the CSF reiterated the importance of the resolution of the TSD dispute and acknowledged the significance of the initiatives undertaken by Korea to promote labour rights, notably the ratification of 3 of the 4 outstanding fundamental ILO Conventions. They recalled that under the FTA, the ratification and implementation of fundamental ILO Conventions was an obligation of both Parties adding that it was important to have in place rules and systems to be in line with international labour standards. The CSF expected the Korean Government to ensure that amendments to labour legislation fully implement the provisions of ILO Conventions No 87 on Freedom of Association and Protection of the Right to Organize, No 98 on Right to Organise and Collective Bargaining, and No 29 on Forced Labour. In addition, the CSF encouraged Korea to take continuous and sustained efforts towards the ratification of fundamental ILO Convention No 105 on Abolishment of Forced Labour.

The CSF co-Chairs highlighted as topics for future work of the DAGs: (1) "platform" work, and (2) the role of the DAGs and of the CSF.

The Parties welcomed the inputs from the CSF and reiterated the importance of the contributions voicing the views of the civil society.

### **3. Discussion on labour issues**

#### ***Discussion on the report of the Panel of Experts, established under Article 13.15 of the EU-Korea FTA, issued on 21 January 2021***

The EU congratulated Korea on the ratification of 3 fundamental ILO Conventions (No 87 on Freedom of Association and Protection of the Right to Organize, No 98 on Right to Organise and Collective Bargaining and No 29 on Forced Labour) and on the amendments to the Trade Union and Labour Relations Adjustment Act (TULRAA).

The EU asked information from Korean authorities about the implementation status of the recommendations in the report of the Panel.

Korea elaborated that the reforms made so far ensured compliance with the FTA provisions as interpreted by the Panel adding that the TULRAA amendments would enter into force on 6 July 2021. On the fundamental ILO Convention No 105 on Abolishment of Forced Labour, Korea indicated that a research project would commence shortly to identify what needed to be changed in the current legal framework to avoid incompliance with this Convention.

The Parties decided to hold a follow up technical meeting, before the Trade Committee of 29 April 2021, to continue discussions on the implementation of the recommendations of the Panel of Experts. The Parties subsequently agreed to organise an interim session of the CTSD after the TULRAA amendments enter into force, with the agenda and timing to be confirmed closer to the date. The Parties also agreed to have another technical meeting on the outcome of the research project on the legal reforms needed for a ratification of fundamental ILO Convention

No 105, once the results are available, towards the end of 2021 or early 2022.

### ***Exchange of information on recent labour policy developments***

The Parties exchanged information on the economic and social impacts of the Covid-19 pandemic and shared experience regarding policies that had been enacted in the EU and in Korea to mitigate such impacts.

## **4. Discussion on environmental and climate issues**

### ***Update and discussion on environmental policy developments***

The EU referred to the European Green Deal (EGD) as its new growth strategy and overarching plan for more ambitious climate and environment action. The EU congratulated Korean authorities for the announced increased ambition on environment and climate policies and for committing to carbon neutrality.

In line with the meeting of the EU-Korea Working Group on Environment, Energy and Climate (February 2021), circular economy and biodiversity were the key subjects on the agenda. The EU highlighted some of the key initiatives under the new Circular Economy Action Plan, namely the Sustainable Product Policy Initiative, the Batteries Regulation, the Green Claims Initiative, the Green Public Procurement, and the Review of Waste Shipment Regulation. The EU also expressed interest to cooperate with Korea in multilateral fora, notably in the Global Alliance for Circular Economy and Resource Efficiency (GACERE) and towards the global agreement on plastics aiming for a dedicated Resolution at the United Nations Environment Assembly (UNEA 5.2) in February 2022. In relation to Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the EU raised the need to strengthen the OECD Decision on shipment of plastic waste to ensure its proper management by OECD member countries.

Korea presented the Circular Economy Action Plan of February 2021, which is linked to Korea's 2050 carbon neutrality objective. The Plan will be followed by the Circular Economy Roadmap (to be developed by the end of 2021). Korea expressed willingness to join GACERE but the decision was still subject to the ongoing inter-ministerial consultations. On the global agreement on plastics, Korea informed that this was the competence of the Ministry of Maritime Affairs and Fisheries.

On biodiversity, both Parties agreed to jointly work towards an ambitious post-2020 global biodiversity framework at the Convention on Biological Diversity (CBD) COP15 in October 2021. The EU underlined the importance of communicating national commitments shortly after the CBD COP15 for better transparency in the implementation process. Korea highlighted the key role of quantitative targets and indicators. In response to the EU call to endorse the Leaders' Pledge for Nature, Korea informed of the positive consideration by the Ministry of Environment and ongoing inter-ministerial consultations.

In relation to domestic actions, the EU informed about the EU Biodiversity Strategy for 2030 and specific implementation initiatives including the new methodology to assess the impact of

trade liberalization on biodiversity as well the upcoming legislative proposal aimed to minimize the risk of placing products associated with deforestation and forest degradation on the EU market. Korea informed of its early initiation of the process of developing the new National Biodiversity Strategy and Action Plan (2021-2030).

Both Parties recognized the similarities between their approaches to circular economy and biodiversity and agreed that there was a scope for further bilateral engagements at a technical level. They also agreed to seek synergies between the EU-Korea Working Group on Environment, Energy and Climate and the CTSD.

### ***Update and discussion on climate change policy developments***

Korea presented initiatives to implement the Paris Agreement on Climate Change and plans to achieve carbon neutrality by 2050 (objective of the Korean Green Deal), noting its updated Nationally Determined Contribution (NDC) to reduce GHG emissions by 24.4% from the 2017 level by 2030 and emphasizing the role of the National Climate Change Adaption Plan. Korea also referred to the P4G Seoul Summit that will take place end of May 2021, sharing hope for furthering Korea-EU bilateral cooperation in the multilateral fora including the G20 Environment Ministers Meeting in Italy and COP26 in the United Kingdom. Korea also shared its view regarding the compatibility of the planned EU Carbon Border Adjustment Mechanism (CBAM) with multilateral trade rules.

The EU presented a detailed overview of initiatives under preparation to meet the climate objectives enshrined in the EGD, including the EU Climate Law and the revision of the 2030 targets. The EU provided an overview of all legislative revisions that are under preparation to make these targets attainable. The EU noted that since ratifying the Paris Agreement, the EU had enacted an ambitious, binding, legislative framework to deliver on its initial NDC that would lead to at least 40% GHG reductions below 1990 levels by 2030. Recently the EU Leaders agreed to achieve at least 55% reduction below 1990 levels, including both emissions and removals by 2030. The EU also referred to the Just Transition Fund that aimed to ensure fairness in the transition to a low carbon economy.

The EU underlined that both Parties would have an interest to discuss further and exchange experiences on climate policy as both face similar challenges. The EU also highlighted the crucial role of international efforts, global solidarity and multilateralism.

Korea agreed to consider the EU's proposal of organizing a joint conference on the trade and climate nexus under the implementation of the TSD Chapter of the FTA and asked the EU to provide a proposed concept note with more details. Such conference would bring together policy makers and businesses from both sides to discuss the potential opportunities associated with the implementation of the Paris Agreement, and of the EU-Korea FTA.

## **5. Cooperation under Annex 13 of the Trade Agreement**

With regard to other areas of cooperation under Annex 13 on Cooperation on Trade and Sustainable Development of the EU-Korea FTA, the EU presented the latest policy

developments related to Corporate Social Responsibility (CSR). In particular, the EU highlighted the legislative proposals recently adopted by the European Commission (notably Directive on binding pay transparency measures and the Batteries Regulation) and initiatives in preparation (the proposal for legislation on sustainable corporate governance/due diligence). The EU also explained the revision of the Non-financial Reporting Directive (NFRD) and the Renewed Sustainable Finance Strategy as well as the ongoing work on the implementation of the EU Taxonomy Regulation. The EU also informed about its efforts to promote CSR through voluntary initiatives, namely in the food sector where it was developing together with stakeholders a CSR Code of conduct to improve the sustainability performance of food operators.

Korea noted the increasing importance of CSR and informed of the Sustainable Business Operation Policy that was announced last year to promote corporate environmental social governance (ESG) performance. The policy includes establishing K-ESG indicators, building corporate ESG capacity, and increasing incentives for companies with good ESG performance. Korea explained the need for K-ESG indicators, which will make a guideline for aiming to minimize the confusion in the ESG rating market. Korea also highlighted the K-ESG's internalization through cooperation between many foreign governments and major scoring institutes.

The Parties agreed to discuss further cooperation in this area to promote CSR, ESG and sustainable business operations.

## **6. Any other business**

The Parties had an initial discussion on the need to update the rosters of Korea-EU FTA experts on TSD. The Parties exchanged information on possible timelines to engage on this process.