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**The Korea-EU Free Trade
Agreement, ten years later**

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1. Introduction

After the failure to make significant progress towards a multilateral trade agreement in the World Trade Organization's (WTO) Doha Round in 2001, the European Union and Korea were both disillusioned (Nissen,2022). They, similarly, to other countries, started evaluating their options to sign trade agreements, a type of policy that had an enormous increase after the failure of the Uruguay round in 1994 and the Doha ones in 2001, where a peak of negotiations among countries was reach in 2004. The European Union (EU) principal goal was finding a commercial partner with whom share commercial cooperation and convergence on their ideals. In fact, the EU aimed to simultaneously expand the competitive space for European firms beyond the Union physical boundaries and the regulatory space of the single market, promoting cooperation on Europe's norms and values abroad. Korea was selected as a priority partner to conclude a free trade agreement (Harrison, 2013).

The first Free-Trade Agreement (FTA) signed between European Union and an Asian Country was in 2011, having as signer the Republic of Korea.

The objective of this thesis is to analyse deeply the evolution of the Korea-EU trading agreement signed in 2011, after ten years.

In this elaborate there will be an analysis of the principal literature published during those years, which will help the understanding of the topic and the analysis provided. Several studies and paper were read and analysed in order to find where this thesis might position and also what was already analysed and what was not. Moving forward, the analysis of the impact of the trade will be shown, trying to see how the different markets have impacted on both the economies, seeing also the imports and the exports of the different industries involved between the two entities, and trying to predict future trends for both parts, taking into account the events that are influencing today and will change the economy tomorrow, the relationship among the countries, which are evolving every day, and what also the COVID-19 pandemic might still have for the future of Korea and European Union.

In particular, it would be studied not only the economic impact on both the EU and Korea deriving from this agreement, the advantages and the disadvantages that this FTA might have led, but also the political impact, how both parties reacted to this agreement, the

political views below this agreement and a focus on the commodity market, which we might think is an issue that the two countries treated in a different way, being two economies more focused on the services and the manufacturing industries. It would be taken into consideration also the Korea-US (or KOR-US) agreement, which is, for some point of view, very similar to the Korea-EU (or KOR-EU) trade agreement but, for other ones, has a different scope, having the first agreement more focused on the economic sphere, while the other one (the KOR-US) being more focused on the political application, using the economic advantages only as a purpose.

So, the final purpose of this elaborate will be the analysis of the impact on both economies after 10 years, analysing which industries were the more affected and how, trying to understand also how the commodity market react to this and trying to predict some of the future trends for this FTA.

The thesis will be structured as follows: a deep analysis of the Free Trade Agreement between European Union and South Korea will be provided, where all the most relevant details and the interesting clauses will be pointed out. Following, an analysis of the changes occurred in the economies of both parties in the last 10 years will be provided, where we can see how this agreement influenced the exchanges of goods and services among the European member States and Korea and which industries were the most “controversial” and protected by the treaty.

After this analysis, there will be a focus on the “American counterpart” of the KOR-EU treaty, the KOR-US. In fact, there will be an analysis of the KOR-US, followed by a dedicated section where analogies and differences will be pointed out, both on an economic and a geopolitical sphere, trying to understand the strength and the weaknesses of the agreements and their effect.

After that, several analyses regarding the future and the evolution of the KOR-EU treaty will be given, considering the actual geopolitical situation, trying to understand the direction if this treaty in the future, analysing the Ukraine War and the China-Taiwan scenario.

Lastly, we are going to focus on the next steps of the treaty, trying to see where the agreement is aiming for the future and the plans the parties have and which joint policies, if any, are going to adopt.

2. Literature Review

The literature offers several points of view not only from European and Korean scholars, which have of course privileged information and points of observation, but also from other countries not involved in the agreement, such the American one, which observed and studied the phenomena and the agreement itself in order to prepare and then sign their version of Free-trade Agreements (FTA) with European Union, Korea or other nations.

Several papers analysed highlighted the trade flows between the two parties, focusing not only on the growth of trade which resulted from the reduction of barriers to trade but also on the functionality of the agreement and the areas involved. From one hand, in fact, we can see that basically all of the sources analysed showed an increase in exchange of goods and specially services among EU and Korea but, at the same time, some other sources highlighted some issues of the FTA and the lack of consideration for some sectors of the economy that would have been important for at least one of the parties involved, like the agricultural sector.

Those analysis were, of course, different and considered different areas and time windows of both economies, the Korean and the European one.

The paper by Cho et al. (2013), offers an interesting analysis of the Korea-EU agreement. In fact, it gives to the reader an excellent overview and analysis of the characteristics and structures of the treaty. Inside the paper, the author argues that this FTA is a mutually beneficial agreement between the parties and a clear signal of a strategic partnership between the parties. The agreement also makes possible new access in services and investments market and has led to major advances in areas such as intellectual property, government procurement and competition policy. Since this is the first Free Trade Agreement that the EU has signed with an Asian country, the agreement is going to support the EU in securing a foothold in Asia in order to be present and be a lead player inside the rapidly growing Asian market.

The analysis provided by Cherry (2017) highlighted the expectations of both South Korean and European government and corporates, the expectations and the Korean perceptions of the products coming from European Union, which will be obtained with discounted tariffs and then at a lower price. We saw how automotive sector was the one with more benefits, from both parties, being the European and the Korean automotive

sector among the best in the world. It was also highlighted how in the short term the Republic of Korea gained better advantages from this agreement respect to the EU, which would have collected a better return after several years and investments, with positive returns in all the 27 Member States.

There were also studies which tried to understand how relevant this agreement could be for the countries by analysing specific industries in both Korea and EU, just like in the analysis provided by Andreosso-O'Callaghan (2009), which analyses how the manufactural sectors in Korea and in EU respond to the agreement, measuring the economic structural complementarity. On the other side, the paper written by Andreosso-O'Callaghan, Zolin (2012), gives us prospective about the agricultural sector of Korea and European Union and the Agricultural trade itself which is very important for South Korea, due to the fact that almost 80% of South Korean territory is mountainous and not available for agriculture, making a big share of agricultural products available only by import and with higher prices compared to European Union countries. So, even if this sector is crucial for South Korea, only a small part of the FTA is dedicated to this area. In fact, most of the Agreement is about services and manufacturing cooperation which represent a big share of South Korean economy and where (thanks to firms like Samsung, LG, Hyundai, etc.) exceeds at a global level.

There are also some papers which analyses the steps that lead to the EU-Korea FTA and the following European Union's policy of trading expansion through the Asia-Pacific area. This analysis was provided and described by Ahn (2010). In fact, as we are going to see later on, this trade agreement was the first one stipulated by the EU towards an Asian country and represents a milestone for the expansion of the commercial relationship of the Union towards Asia and the powerful economies of that area, such as Japan, Singapore and, of course, China. This paper offers the opportunity to see what the steps were that European Union made in order to arrive then at the stipulation of the Agreement with South Korea in 2011 and its attempt to cooperate with Asian country through the creation of the ASEM (Asia-Europe Meeting).

Moving on, also quantitative analyses regarding this trade agreement were made. It is, in fact, the case of the research of Jung (2022), which analyses with data took from WTO, the impact of trade between EU and ROK (Republic of Korea), trying to understand if a heterogeneity of trade was present among the parties using specific tools and data. The

result is, as predicted, a disparity between the two actors, due to several predictable factors as the different size of the two: in fact, EU is a major actor in the world economy, having inside three among the eight world economic powers (Germany, France and Italy) and also important infrastructure (like the Rotterdam harbour) which contribute to its role in the world trade. On the other side we have to notice that also Korea is one of the main world's economic powers, being 12th, but it does not have the size and the workforce of the European Union. So, a disparity between the parts, going of course in favour of the EU, is quite predictable.

The paper by Laurenza and Mathis (2013), focuses on the trade of services provided by the EU-Korea FTA but, at the same time, compares the agreement with the KOR-US, the agreement between South Korea and United States of America, signed as well in 2011. The paper analyses the concept of transparency, competition law and regulatory cooperation to estimate the value of integration and the level of compatibility between both the FTAs, the KOR-US and the KOR-EU.

But the economic topic is not the only one treated by scholars. In fact, sustainability has become one of the main trends of the last years and the research conducted by N. Croquet (2013) puts a focus on the provisions related to climate change in the EU-KOR FTA, analysing the policies and the legal framework of the treaty connected to climate change and sustainability. The difference between Korean and European policies and provision about climate change, ecological conversion, and sustainability, made difficult a complete and accurate analysis, due also to the fact that this FTA is evolving and is in continuous change, in order to adapt promptly to the market and the regulations.

So, my analysis is going to be placed among those above, taking inspiration from these research and understanding also from these works how this trade agreement may have evolved during these last ten years, describing what it gave to both parties, analysing the flow of trade of specific goods, with a focus on the commodity market, and trying to understand and predict what might be the problems, and the developments of this agreement, analysing also the political side which can play in the future even a more important role than the economic one.

3. The Korea - EU FTA

3.1 Background

Since the mid-2000s, Korea and EU's interest in expanding and diversifying their export markets was starting to grow. As of 2008, when the negotiations for the agreement begin, the EU was the world's largest single market economy with a population of over 500 million people, and it accounted for about 30% of global GDP and about 17.1% of total world trade. The relationship between Republic of Korea and European Union were already good, being the EU one of the main trading partners for Korea, the second one after China. On the other hand, in the European market, the share of Korean trade was very low, around 3% and the EU market was dominated by China, India and Turkey (Jo et al., 2021). In Table 3.1, we have the representation of the import, export and total share of market of the principal economies in 2008, so right before the World Economic Crisis impact and right before the negotiations for the EU-KOR FTA.

Table 3.1: 2008 Scale of Product Trade in Major Economic Blocks. (Unit: USD 1 billion, %)

Economic sphere	Export (A)	Import (B)	Trade (A+B)	Share (%)
EU	1924,9	2282,2	4207,1	17,1
Usa	1287,4	2169,5	3456,9	14,1
China	1428,3	2560,8	3989,1	10,4
Japan	782	762,6	1544,6	6,3
Korea	422	435,3	857,3	3,5
Russia	471,6	291,9	763,5	3,1
Whole World	12096,0	12449,0	24545,0	100

Source: Kim et al., 2021.

Table 3.2: Korea's Major Trading partners in 2008. (Unit: billion dollars)

Partner Country	Import (A)	Export (B)	Trade (A+B)
China	913,9	769,3	1683,2
EU	583,7	399,8	983,5
USA	463,8	383,6	847,4
Japan	282,6	609,6	892,2
Etc.	1976,1	2190,4	4166,5
Whole World	4220,1	4352,7	8572,8

Source: Kim et al., 2021

As we can see from Table 3.2, before the signing of the agreement, EU still had a fundamental role inside Korean market, being the second importer and the first nation for

profit (sum of import and export). So, this was the starting point for the signing of the FTA that in the following years brought EU at the top position, going over China.

Therefore, through the FTA, the accessibility for Korean enterprises was increased and the inflow of foreign investment from the EU were expanding. On the other hand, EU was planning to use the FTA as a bridgehead for entering into the Asian Market and Korea, with its population of around 50 million people and one of the highest income levels among the whole Asia was the perfect candidate (Jo et al., 2021). Due also to the strong manufacturing sectors (thanks to industries like Hyundai) and the technological one (with firms like LG and Samsung) offered by Korea and the advanced service sector of the European Union, the two economies were complementary.

Also, the weakening status of the WTO (Drahos,2003), has deepened the trend of intra-regional or bilateral trade agreement. In fact, right after the 2003 Cancun WTO Conference, where this trend started to grow more, Korea began to implement a strategy to respond to this trend and avoid being isolated surrounded by the enemy, both economic enemies (such as China) and political ones (such as North Korea).

So, Korea and EU started consultation in 2006 and, after a long and not easy period of negotiations, the agreement was signed in 2009. It became effective from the 1st of July 2011.

3.2 The Agreement

The EU-Korea FTA is a comprehensive free trade agreement (FTA) signed between the European Union (and so, by every Member State) and the Republic of Korea that came into effect, as said above, on July 1, 2011. This agreement is one of the most significant trade agreements signed by the EU, due to the fact that it was the first of its genre signed by the European Union with an Asian country and it leads not only economic but also political benefits for both parties. It is composed by 15 Articles which describe the objective and the functioning of the Free Trade Agreement and by several Annexes which specify in detail the issues treated and make a focus on some important topics for both parties, like the Intellectual property goods, the Geographical indications for agricultural products, wine, spirits and foodstuffs that both parties are willing to recognize and the

specific tariffs (whenever some goods were not included in the free trade) for specific goods.

The objective of the Agreement, as stated in the agreement itself in “Article 1.1” is to: “liberalise and facilitate trade in goods between the Parties, in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as ‘GATT’). (Korea- EU FTA, 2011). The Agreement was originally designed to eliminate tariffs on almost all goods traded between the two countries. This means that over 98% of the tariffs on goods from and to the EU and Korea would have been eliminated when the agreement came into effect, boosting import and export of sectors like the pharmaceutical, automotive, and electronic ones. This has led to a significant increase in trade between Europe and Asia, as it has become easier and cheaper for companies to export goods and services to each other's markets.

Since the parties have different cultures, origins and visions about how to see the working world, trade and job conditions, the EU and South Korea have also agreed to work together to ensure that both regulations and standards are compatible and shareable, and to cooperate on procedures related to trade facilitation and custom issues. In fact, the agreement also includes provisions on non-tariff barriers, like certifications, technical regulations, and standards, which aim to facilitate trade between the two regions, having settled them in a common way. In the Agreement, lots of Annexes are in fact dedicated to the specification of those regulations and standards, like the Annex 2-C which is about “Motor Vehicles and Parts” or the Annex 3 which focuses on “Agricultural Safeguard Measures and Products”.

As said before, this agreement is not focused only to the trade in goods, the EU-Korea FTA in fact, includes also provisions on trade in investment (specified in Annex 7-D of the Agreement), intellectual property rights and services. In fact, one of the most significant aspects of the EU-Korea FTA is the level of protection it provides for intellectual property rights. Strong provisions on copyright, patents, trademarks, and other forms of intellectual property are included in the agreement, with the purpose of protecting EU and Korean companies' investments in research and development.

This agreement has been widely regarded as a success for both parties. Since it came into effect, in 2011, trade between the regions has increased significantly. This is

demonstrated by the fact that the EU has become Korea's second-largest trading partner, while Korea is now the EU's eighth-largest trading partner.

But the reason why both European Union and Republic of Korea negotiated for years were several. As we are going to see later, this Agreement was not only an economic measure but also a political one.

In fact, the drivers that lead to this agreement were:

- **Economic necessity:** Both South Korea and the EU were facing increasing competition from emerging markets such as China and India and also needed to find new ways to boost their economic growth. The agreement provided an opportunity to increase trade and investment between the two areas and to create new economic opportunities.
- **Political will:** There was a strong political will and need on both sides to deepen their strategic partnership and strengthen economic ties. The EU was passionately interested in expanding its presence in Asia, starting from Korea, while the Korean Republic wanted to establish trade and investment links with European Union and its Member States.
- **Strategic importance:** The FTA was seen as a crucial step towards strengthening the strategic partnership between Korea and the EU and enhancing also regional stability and security towards the Korean peninsula, the far East and the Asian country. This point is highly connected with the previous one, having EU the opportunity to expand its sphere of influence in East Asia and then in South Pacific Asia (with the stipulation of FTAs with Singapore and Vietnam).
- **Trade liberalization:** Both Korean Republic and the EU were committed to promoting free trade and reducing trade barriers on specific products and services. The agreement provided an opportunity to showcase their commitment to open markets and to recognize singular and unique products that are specific of European Union and Republic of Korea, as specified in “Annex 10_A and 10-B to Chapter 10” of the Korea-EU Free Trade Agreement.

So, the final aim of the agreement is to liberalize trade not only for goods, but also in services and investment between the two entities, creating new opportunities for EU and Korean companies in each other's markets, while at the same time strengthen a political

bond with the Western world, being South Korea always threatened by the other side of this “game” (Jung, 2022).

3.3 Criticisms and worries about the treaty.

Even if we said that right before the negotiations that led to the agreement the relationships between the European Union and South Korea were good, that both of them were looking for a commercial partner to meet their needs and stipulate a commercial agreement, does not mean that there were no worries at all and that the process that led to the creation, the signing and the entry into force of the free trade agreement were smooth, easy and required little time with almost no worries and obstacles.

Several points were discussed, scenarios were analysed and worries from both parts were present.

In particular, one of the main concerns about the stipulation of the FTA regarded the market access where both sides, as said, were worried about the liberalization of some sensitive sectors, such as the chemical industries, the steel and automotive production and the agricultural sector. In the specific, Korean farmers were scared by the potential influx of cheaper European agricultural products that can hurt an already fragile and less developed sector in South Korea, while European automakers (German, Italian and French first), were concerned about the increased competition from Korean manufacturers such as Hyundai and KIA, which were already present, in a lower share, in the European market (Juust et al.,2021). This last point was a major source of complaints and discussions because European Union wanted South Korea to address some non-tariff barriers and facilitate access for European automakers in the Korean market; while, on the other side, Korean automotive firms were worried about potential competition and asked for favourable agreements in order to ensure for themselves a preferential access to the European market.

Non-tariff barriers also were a concern, especially for European Union, regarding regulatory issues, certification processes, and technical standards. One of the main objectives of the EU during the negotiation for this FTA was the harmonization of regulations and the addressing non-tariff barriers. Another key issue for European Union was the protection and enforcement of intellectual property rights, where it was asked to create stronger measures and policies to safeguard intellectual property in Korea and, of

course, in Europe (Jung, 2022). This process would include not only patent protection, but also copyright infringement, counterfeit goods and products which are “protected designation of origin” (PDO), “protected geographical indication” (PGI), and “traditional specialities guaranteed” (TSG).

So, the concerns and worries from both parts were legitimate because each side wanted to sign an Agreement which would have been more convenient for itself.

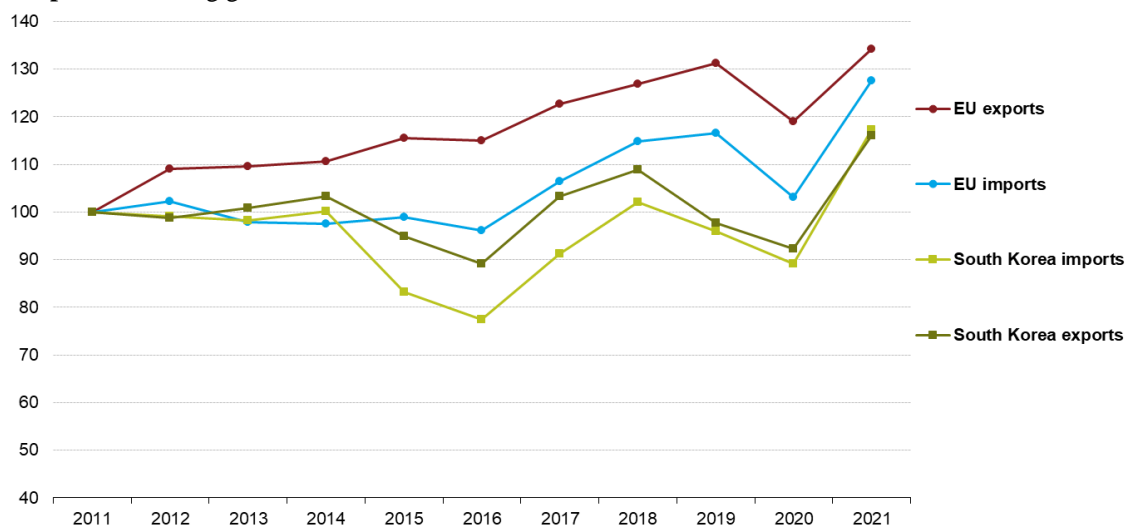
Stipulating an agreement that is going to affect and might condition your whole economic relationship with another actor, especially if the other party is a very powerful economy, is a difficult task. Years of discussions, compromises and meetings were required, where both sides tried to bargain with the other one on tariffs or duties, were necessary in order to create a “indestructible” and “as fair as possible” agreement that still today regulates trade among 28 countries (and in the future maybe even more). Other factors too influenced the stipulation of the agreement; factors that were not related to the purely economic sphere but rather on a more social one, which will be analysed later more deeply.

So, finding an equilibrium, reaching compromises, and then finding a solution that was able to make the agreement fair for both sides was the key for the success of this agreement. Time also was a key factor, because in stipulating the agreement, the parties took all the time they needed without any external pressure, which we cannot say happened to another agreement, the one between Korea and USA, that we are going to see later.

4. Impact of the Korea-EU FTA on Trade and Investment

As said in the previous part, from 2000s the EU has occupied a prominent share in the Korean market. In fact, the sum of the share of the 28 European Member State, accounted around the 12% on Korean total trade (which was the sum of import and export) in early 2000s, while decreased a bit during 2010s, due to the global economic crisis. It recently grew up again, standing around 11,4%.

Graph 2.1: Trading goods of EU and South Korea, 2010-20



Source: Eurostat, 2021

From graph 2.1, we can see that both the trade balances after the signing of the agreement rose, even during the Economic Recession of 2011. In fact, we are able to see that while EU imports decreased, EU exports towards Korea increased until 2020, where they decreased due to the COVID-19 pandemic and the duties restrictions. We are able also to observe that the lowest point for both import and export of both parties (EU and ROK) was during 2016, right in the middle of a social and economic crisis both in Europe and Korea. In this period, we can see in fact that both Korean imports and exports fall down, as well as European imports, touching the lowest point since the signing of the FTA in 2011. These low values are justified by the economic recession of 2016 while for Korea, the crisis was not only economic, but also social. In fact, in this period, the former Korean prime minister Park Geun-hye as accused to be manipulated by an important Korean family. So, together with a political crisis, a reduction of the PIL growth for that year, due to China's policies which affected Korea, led to a reduction of imports and exports towards the European Union (Milano Finanza, 2015).

From the graph is possible to see also how the exports from the EU towards south Korea rapidly grew, this means that the Korean market was “hungry” for European products and that the removal of the trade barriers opened a new whole rush to the European goods, not only from the common people (in fact goods as textile or electronics accounts only for a small percentage on the total European goods, while cars have a bigger share) but also for industries (specially for industrial products) and food firms. Another curious fact that we are able to observe from the graph above is that while imports and exports of the parties are not always aligned, with some deviations due to political instabilities or due to economic recessions, the cover ratios of both parties are always paired, following more or less the same path, growing and decreasing in the same periods and being “pair” on several occasions.

This is important for our analysis because it gives us a proof of how interconnected these two economies have become and how they cooperate thanks to this agreement that, as we are going to see later, is not only a commercial but also a political tool.

So, from this first quick analysis on the impact of the free trade agreement on import and export we can conclude that the signing of the agreement was something that have the expected impact on both economies: in fact, the values registered are most of the times higher than before the signing of the FTA and the only things that slowed a bit the trade between the parties were an economic recession of the EU and a crisis in the internal politics of Korea, followed later, of course, by a global pandemic, in 2020. So, it is possible to understand a positive trend that, even though the various difficulties that both Korea and specially EU found on their path during these last years, is pushing the values of import and export upward, and it is something that is clear also in our everyday life, where Korean products, software etc. are now Highly requested in our markets and occupy a significant share of the market.

4.1 Korea’s trade with EU Countries

If we look at Korean’s exports to EU, we can imagine that only the economic powers of the Union, such as Germany, France, Italy, UK are part of it. They, of course, represent the majority of the export, but at the same time also countries that are developing such as Poland (which now has a special relationship due to military equipment with Korea), Slovakia, Czechia etc. became important commercial partners for Korean Republic (Amighini, 2016). In fact, after the agreement, the export towards the Western European

countries had an increase of the 7.3% between 2011 and 2019, while the rate of growth of export for Easter Europe countries in the same period was around 87.5%, showing how this agreement allowed Korea to have new commercial partners inside Europe and at the same time, countries “less powerful” in the EU had the possibility to trade with a developed economy outside Europe such as South Korea, with the same instruments used by other economic powers like Germany and France.

If we look also at Korea’s export towards Western European Countries (The ones before the EU expansion of 2004), We can notice an increase from an annual average of 42.5 billion of dollars between 2006 and 2008, which declined to an average of 35 billion between 2011 and 2013 due to the economic crisis, rising again to around 40 billion in the years 2017-2019.

But now, if we have a look to the exports in the same time period for Easter Europe Countries (the countries that joined EU after the 2004 expansion), we are able to see a value of 12.2 billion dollars from 2006 to 2008, with another increase to 16.4 billion in the years 2011-2013, with a slight reduction to 15.8 billion in 2017-2019 (due to, of course, the economic regressions of EU).

The difference between the two “blocks” is evident in terms of investments and money involved, but also the Easter Europe countries were able to enjoy the Agreement benefits by creating new commercial routes and by consolidation the existing ones, increasing the value of the export while, during the same period, the Western European Countries were able to increase that level of investments, but not as much as the Eastern Europe countries. In fact, as seen before, while the bigger economy had a moderate trade growth with South Korea after the agreement (7.3%), the growth recorded by the Easter European countries skyrocketed (87.5%) due to several investments made by South Korea towards those countries and the increase number of Korean products that were imported inside Eastern European countries, that were able to rely on very reliable and technological products, necessary for their development after the Soviet era, without incurring in duties and other taxes that were eliminated thanks to the FTA.

Table 4.1: Korea's import from EU member states. Units: billion dollars

Nation	2003-05	2006-08	2009-10	2011-13	2017-19	Before FTA	After FTA	Difference
Germany	83,6	132,2	133,1	179,8	201,8	101,3	195,2	93,9
France	24,9	40,5	41,4	57,5	58,2	32,1	59,5	27,4
UK	32,2	34,1	30,8	54,6	57,7	30,8	59,5	28,7
Italy	25,5	35,5	36,2	48,6	61,1	29,6	56,2	26,6
Netherlands	19,5	33,2	31,2	42,1	57,4	24,2	47,8	23,6
Spain	5,5	9,2	9,2	13,5	23,7	7,1	20,4	13,3
Sweden	8,1	11,6	12,9	17,4	17,9	9,5	17,3	7,8
Belgium	8,8	11,4	10,2	14,7	13,6	9,4	14,3	4,9
Austria	4,9	8,6	9,4	13,2	16,6	6,6	14,1	7,5
Finland	4,9	8,4	9,3	10,9	11,5	6,6	11,2	4,6
Lux, Ire, Por, Den, Gre	1,6	2,0	1,5	1,8	2,3	1,7	2,3	0,6
EU 15	219,5	326,7	325,2	454,1	521,8	258,9	497,8	238,9
Czech Rep	1,2	3,4	3,3	5,4	8,1	2,3	6,5	4,2
Poland	0,9	2,9	2,5	5,6	6,9	1,8	6,4	4,6
Hungary	1,2	2,8	3,5	4,7	6,3	2,1	5,8	3,7
Romania	1,1	1,1	2,1	5,9	4,4	1,1	5,4	4,3
Cyprus	0,1	0,1	1,1	9,4	0,8	0,3	3,8	3,5
Other EU countries	0,3	0,9	0,8	1,2	1,2	0,7	1,3	0,6
EU plus	4,8	11,2	13,3	32,2	27,7	10,1	30,1	20,0
Eu TOT	224,2	337,9	338,4	486,3	549,5	269,0	527,9	258,9

Source: Korea Trade Statistics Agency TRASS, 2021

By the data available from table 4.1, we can have a look at Korea's import from EU Countries. The data for this table are organized, as we can see, in two different sections: the first one is composed by the 15 member states that were into the EU before the EU expansion of 2004, while the second is composed by the countries that joined EU after 2004. This division was made in order to have the possibility to see not only how trade with Korea for some countries changed after the signing of the FTA, but also how it changes right after joining the EU. Another reason is that we can see how the two major shocks that affect the economy of the European Union, the economic crisis of 2007 and the recession of 2015, affect the trade relationship among the single countries and South Korea, before and after the Agreement.

What we can see at a first impact is that, for all countries, the signing of the free- trade agreement improve the trade and increased the number of exports towards South Korea. In fact, the average amount of Korean import almost doubles in every country, increasing the European economic power and spreading European goods all over the South Korean market.

If we look at Korea's imports from EU countries, Germany's share was around 35% in the period from 2011-2019, just after the signing of the Agreement. Next, shares of France, Italy, England, and The Netherlands were around 40%, accounting the first top 5 countries to a 75% of share of Korea's import towards the EU, which became 93% if we

expand it to all the 15 Western European countries. This import from the Western European countries decreased, as we saw previously, from 2011 to 2013, while in the following biennium, the trend was increasing. It is remarkable the increase in import from the Netherlands and Italy, which outclassed all the other countries. The Korean imports from the 14 European Countries that joined EU after 2004 were only around 4 billion dollars per year on average before joining the EU. Then, between 2005 and 2010 it became larger due to the European Union sphere of influence that was able to increase their relationship with South Korea and its market. After the agreement came into force, as we can see from the table above, the average amount of billions of dollars invested by South Korea in imports from those countries triplicated. This was a huge victory for the Agreement itself, because it was able to create or to consolidate new commercial partners for Korea (and of course for the single member states) and, at the same time, to increase the investments in those countries that had little difficulties in the economic crisis of 2007 and that came from the dissolution of the Soviet Union (not all of them but most of them were part of the Warsaw Pact). But we are not saying that bigger economies like Germany, France or Italy were harmed by this agreement. In fact, as we are going to see later, those economies were able to strengthen their position and increase their exports towards Korea while, at the same time, were also able to acquire at lower price and in a more favourable way, sources of production directly from their Asian partners.

Table 4.2: Korea's export to EU member states. Units: billion dollars

Nation	2003-05	2006-08	2009-10	2011-13	2017-19	Before FTA	After FTA	Differences
Germany	80,8	107,1	97,6	83,1	88,5	84,5	79,7	-4,8
UK	49,8	61,5	46,8	48,6	66,7	50,5	60,1	9,6
Netherlands	30,6	48,3	49,2	50,7	45,6	38,6	46,7	8,1
Italy	34,2	39,9	31,8	35,0	40,1	32,9	36,3	3,4
France	25,2	34,6	29,6	39,3	32,8	27,0	32,6	5,6
Belgium	15,2	26,7	21,1	22,5	29,2	18,3	24,9	6,6
Spain	25,6	35,3	18,0	17,4	28,6	25,0	22,6	-2,4
Greece	17,8	19,5	22,1	13,8	14,3	18,5	15,0	-3,5
Denmark	5,3	5,1	5,2	6,9	10,1	4,7	10,0	5,3
Sweden	7,3	9,1	5,5	9,0	10,0	6,8	9,0	2,2
Lux, Ire, Fin, Por, Aus	3,3	3,9	3,3	2,1	2,9	3,4	2,9	-0,5
EU 15	295,1	391,0	330,2	328,4	368,8	310,2	339,8	29,7
Czech Rep	2,7	7,9	9,7	17,3	22,6	5,3	20,0	14,7
Poland	7,9	34,1	42,6	37,9	42,6	21,8	37,5	15,7
Hungary	8,6	15,3	20,4	15,8	18,8	11,9	15,4	3,5
Romania	0,4	1,0	0,5	0,5	0,6	0,6	0,5	-0,1
Cyprus	1,0	1,0	0,6	0,4	1,2	0,8	0,8	0,0
Other EU countries	10,0	40,2	60,3	78,0	54,1	28,7	66,9	38,2
EU plus	42,3	121,8	149,1	163,6	157,7	83,0	155,6	72,6
Eu TOT	367,9	612,3	613,4	641,8	666,4	462,2	636,5	174,3

Source: Korea Trade Statistics Agency TRASS, 2021

In Table 4.2, it is possible to see the South Korean exports to EU countries before the FTA came into action and after. It is a specular view of Table 4.1, which represents the Korean import.

Differently from the other data reported in Table 4.1, here it is possible to see that the increasing trend seen before is less evident after the signing of the FTA. In fact, in some countries (most of which belong to the “western side”, the side that founded the EU and where the main economies are), the average value of goods imported from Korea is even lower than before the agreement.

We can in fact deduct that South Korea used the FTA and all the advantages coming from it to create new commercial relationship with Eastern European countries, which are currently developing and are less powerful than the Western Europeans ones. So, without any duty tax and by using the free market, South Korea became an important supplier of the European countries that did not have the industrial and technological capacity and strength to produce goods.

The Eastern countries in fact, used the goods and the technology exported by South Korea in order to accelerate their growth and were able to create strong relationships that evolved during these years in contracts and agreements between single countries itself (it is the case of Poland, which has stipulated an incredible agreement with South Korea regarding the supply of military equipment that we are going to analyse later), going beyond the “limits” of the Korea-Eu FTA.

As pointed out before, the finding from this data do not have to be intended with the fact that Western European economies like Germany, France, Italy etc, imported less goods from Korea and were not able to take advantage of the Agreement. On the contrary, the data most of the times are higher than before, but the relative increase could not be confronted to the ones registered by the “Eastern” countries, which sometimes doubled, or even more, their values, which are still far away compared to the ones of bigger economies.

4.2 Korea’s trade with EU by industry

As we are able to see from our everyday life, Korea’s major export industries towards Europe are represented by the automotive sector (with KIA and Hyundai) and transportation equipment, electronic equipment and devices (with LG and Samsung, world leader in electronic devices), machinery, chemicals and plastics (all produced

around the chemical complex in Ulsan). This last industry, the plastic and chemical one, accounted for 75% of total export to European Union from 2011 to 2019. This very high percentage of export in chemicals and petroleum products derives directly from the signing of the FTA, which creates in Korea a solid, cheaper, and more reliable partner for these exchanges, making Korea one of the principal supplier of chemicals and plastic raw materials for European Union. It is the case of rubber and steel products, which export showed a major increase in a relatively recent period, in the biennium 2017-2019 (Jo et al., 2021).

If we look closely to the product exported for each industry reported in Table 4.3, we are able to see that the most exported goods for the chemical, plastic and rubber industry are tires, and polyester. The main European countries that ask for these specific products are Italy, Germany, and the Netherlands, due to the presence of industries like Pirelli, Continental and so on, which are leaders in the production of pneumatics and rubber materials and, of course, the presence of automotive brands and their factories which are spread all over Europe.

For steel products, Korea can count on one of the leader firms in the sector like POSCO, which provides steel products to most of the European countries, especially in the emerging ones like Poland and Slovenia, where are located several factories devoted to the production of cars and machinery for European brands and also to the production of ships, like in Gdansk.

If we move then to petroleum products, its export has more than double after the signing of the FTA, with an annual average increase that reached 3.12 billion of dollars, even if both parties are scarce in extraction of petroleum, due to the lack of oil fields both in the European Union territories and in South Korea's ones.

Going on, the automotive sector is one of the crucial industries in both parties, due to the advanced characteristics and developments of both areas. In fact, in the past it accounted for half of the exports to the EU, while now it has slightly decreased after the FTA but not in a critical measure. The automotive sector presents a dedicated area in the Korea-EU agreement, the Annex 2-C of Chapter 2, due to its crucial impact and importance both in the European Union and in South Korea. In this area both parties agree in "Ensuring full reciprocal market access by elimination of tariffs and non-tariff obstacles to bilateral trade pursuant to this Agreement; promoting compatibility of regulations based on

international standards; establishing competitive market conditions based on principles of openness, non-discrimination and transparency”.

Table 4.3: Korea’s export to EU by Industry. Unit: billions of dollars

Industry	2003-05	2006-08	2009-10	2011-13	2017-19	Before FTA	After FTA	Differences
Vehicle transport equipment	120,6	181,6	185,5	178,8	174,9	142,2	171,2	29,0
Electronics	113,6	142,7	108,9	85,2	86,9	109,7	81,2	-28,5
Machines	66,0	72,1	50,2	60,7	85,8	61,6	71,7	10,1
Plastic Rubber	21,1	32,6	33,9	49,1	91,3	25,8	68,6	42,8
Medical devices	11,4	47,5	55,2	44,6	19,6	29,5	31,4	1,9
Steel Products	6,2	23,8	19,1	25,3	39,7	13,7	32,2	18,5
Other non-metal products	3,5	6,5	5,7	9,1	11,8	4,7	10,2	5,5
Petroleum Products	2,5	17,6	22,0	31,2	12,6	10,6	21,5	10,9
Ceramic and Glass	2,5	3,0	4,4	4,5	3,7	3,0	3,9	0,9
Unclassified	2,1	3,6	2,4	5,6	3,1	2,6	4,9	2,3
Agriculture Fisheries	1,2	2,4	1,8	2,1	4,0	1,4	3,0	1,6
Leather and Textile	1,2	12,7	11,0	15,8	14,5	13,9	15,1	1,2
Wood and Paper	0,8	1,1	1,0	1,5	1,4	0,8	1,5	0,7
Mineral Products	0,0	0,3	0,2	0,1	0,1	0,1	0,1	0,0
TOT	352,7	547,5	501,3	513,6	549,4	419,6	516,5	96,9

Source: Korea Trade Statistic Agency TRASS, 2021

In table 4.3, we are able to see the level of Korean export towards the European Union divided by different industries before and after the entry into force of the agreement. From the data of the last two columns, we can check the average difference of exports before and after the FTA. It is clear that in most of the industries the FTA increased the value of products traded, showing again how important for the Korean economy this agreement was and still is today.

Also, the agricultural sector, where South Korea is not so developed, due to the morphology of the country and the direction that the economy took after the 80s, had an improvement in the export, which regards only typical Korean products like Soju and kimchi that nowadays are present in lots of European supermarkets.

On the other side of the world, also EU has its own benefit from this agreement. In fact, it is able to export lots of different products from every single member state to Korea. Now, in order to have a clearer comprehension of the import and export situation, I am going to refer to this part as the “Korean’s Import” rather than “EU’s export”, in order create less difficulties possible with all the different member states of the union.

So, for what regards the products that the Republic of Korea imports from EU, the situation is more or less the opposite of the table above. In fact, a lot of agricultural products come to Korea from the European Union, due to the higher production and, as said before, the scarcity of arable land in Korea.

Table 4.4: Korea's import from EU by Industry. Unit: billions of dollars

Industry	2003-05	2006-08	2009-10	2011-13	2017-19	Before FTA	After FTA	Differences
Machines	52,1	93,2	103,0	124,8	125,2	71,3	125,7	54,4
Plastic Rubber	43,4	64,7	66,6	87,1	104,1	52,1	94,9	42,8
Electronics	34,4	45,3	40,5	55,4	50,7	37,1	53,1	16,0
Medical devices	24,6	29,5	24,0	7,4	43,3	23,6	38,1	14,5
Vehicle transport equipment	18,0	32,6	33,8	103,4	101,2	23,9	88,1	64,2
Ceramic and Glass	12,7	11,0	10,1	12,2	13,5	10,8	13,7	2,9
Steel Products	12,7	22,4	19,9	26,1	14,8	15,9	21,1	5,2
Leather and Textile	11,9	14,5	14,8	22,7	35,4	13,2	28,3	15,1
Agriculture Fisheries	11,5	16,3	15,8	25,5	37,2	13,4	30,3	16,9
Other non-metal products	6,9	12,0	10,6	13,3	13,2	8,6	13,3	4,7
Wood and Paper	4,6	5,8	5,2	6,6	7,9	5,0	7,2	2,2
Unclassified	3,7	5,9	5,4	6,2	9,1	4,5	7,7	3,2
Petroleum Products	1,8	3,3	5,0	40,3	27,0	2,7	34,1	31,4
Mineral Products	0,5	0,3	0,4	0,6	1,3	0,4	0,9	0,5
TOT	238,8	356,8	355,1	531,6	583,9	282,5	556,5	274,0

Source: Korea Trade Statistic Agency TRASS, 2021

As we can see from Table 4.4, the sizes of this table are way bigger than the other one, but for a simple reason: EU is a way bigger economy than South Korea, due to the fact that three (before Brexit there were four) of the G8 countries are member states of the EU, and that also EU is formed by 27 different countries with their own economy, so the economic dimensions are of course different.

Saying that, we can see that the first industry that more than doubled its cash flow is the Agricultural one, where Korea was able to use the reduced and removed tariffs from EU in order to get more and more European food, from fruit to vegetables, moving also to other kind of food products. For example, the imports of pork increased from an average of 390 million dollars in 2006-08 to an average of 800 million dollars in 2017-19, thanks to the FTA effect. Only this sector accounts for 5,4% of the import from European Union.

The main import is represented by machinery, chemicals and automotives equipment, which account for 55% of Korean import in 2011-2019 and, as we said before, represents the biggest share of trade between the two parts.

Korean import from EU increased in almost all industries from 2011 to 2013, right after the come into force of the FTA. One of the sectors that increased the most was the machinery import, which have reached a growth of 12 billion dollars annually since 2011 and automotives equipment, and increased significantly since 2014, with annual imports reaching a surplus of around 10 billion of dollars more than 2010. Also, chemical products had a boost in import, boost that was dated before the FTA. So, the agreement gave to this industry an ulterior push, which showed an increase of 9.49 billion dollars from 2011 to 2019.

We can say that, after having seen a photograph of the exchanges between the two parties, both gained significantly from the signing of the FTA, which reinforced the economy, pumped the exchanges, established, and created solid relationships, both economic and political, which are crucial today in a geopolitical scenario that changes every day in an unpredictable way.

As said before, this agreement had the power to connect Korea with other European countries that were not directly Korea's commercial partner, creating new relationships both in import and in exports that sometimes go also beyond the trade inside the FTA.

5. Differences and analogies with the US-Korea Agreement

5.1 The US-Korea Agreement in brief

Among the various Free trade agreement that South Korea has stipulated during the years, one of the most important, together with the one signed with European Union, is the one done with the United States of America. Those two are the most important free trade agreements that South Korea has signed with single economic entities, due to the importance of the commercial partner and to the mass of the economies. But, even if on the surface those two agreements may have the same finality, which is the reduction or removal of duties and taxes on several items traded, if we analyse deeper not only the economic situation but also the geopolitical scenario when those agreement were signed, why were they signed and their strategic importance, we may find out that they have enormous differences and embrace different visions, represented by the parts signing the agreement.

The Agreement between South Korea and United States was signed on June 30, 2007, with negotiations started at the beginning of 2006. The stipulation of this agreement is located in a particular time. In fact, the decision of creating a free trade agreement was taken by an American president, George W. Bush, whose mandate would finish after only one year after the signing, with the electoral campaign open and representing a pure political move, not minding at all about economic reasons. Also, it is placed right before the collapse of Lehman Brothers Bank, which marked the beginning of the deep world economic crisis of 2007. The signing of this agreement then, is 4 years prior to the one signed with the European Union, even if it entered into force from March 2012, so after the European one, due to several ratifications happened because of the change of Presidency at the White House, being Barack Obama the new US President from 2008.

For the United States of America, this treaty represented the first FTA signed with a major Asian economy, while for South Korea this is the second largest FTA, second in size only to the one signed with European Union that we analysed before (Lee et al., 2011).

The economic aim of the foreign trade agreement was to eliminate 95% of each country's tariffs on goods and had also the objective of creating new protections for multinational financial services.

As said before, this FTA had several obstacles that threatened its entry into force and was ratified two times: in 2011 and 2017.

Under President Trump's administration, there was also the possibility of withdrawal of United States from this Agreement, due to the accusation of not being a fair agreement made by the former U.S President who referred to the treaty as a "job-killing trade deal". Instead of withdrawing from the agreement, which would have caused even more severe consequences for the American economy due to the import of steel, cars and chemical products, in 2018 a renegotiation of the terms took place, which gave us the actual version of the agreement, which differs from the previous for some specific caps and percentages in import and export of steel and cars between the two countries which were, as said before, the main issues pointed out by Trump administration. All these issues that arose with the agreement between US and South Korea came from a poor attention to details in signing and stipulating the agreement which, as said in the previous paragraph, was mainly a political move made during the electoral campaign. So, the rush of stipulating a contract established poor bases for an "equal and mutual" agreement. In this case, South Korea was able to use this rush from former President Bush to have a treatment of favour regarding the FTA, which was then revised by both Obama and Trump (Russ and Swenson, 2019).

5.2 Criticism and discussions in Korea-US and Korea-EU

5.2.1 The Korea-US

If We think that in discussing and stipulating those agreement both parties, regarding Korea-EU agreement and Korea-US one as well, were since the beginning available and the steps that led to the agreement were without any difficulties, we might be wrong. As we were able to see in the previous paragraph as introduction to the KOR-US agreement and in the previous chapter about the KOR-EU agreement, the stipulation and negotiation of those commercial and political documents is quite difficult, and the achievement of both parties' requests is needed. We are also talking about agreements among three of the biggest economic power in the world, respectively the first (USA), the second (European Union) and the twelfth (South Korea) so the economic and social interests were high, and every decision should have been analysed and discussed properly in order to understand the requests of the other party and, at the same time, finding a common ground.

In fact, discussions and criticisms were exposed by every part, in both the agreements signed. There were criticisms and some sceptical thoughts about the positive effects of the agreements, or the fact that it might favour only one side and should be renegotiated, or some issues connected to the social sphere of one party involved in the agreements.

As said above, stipulating the Korea-US FTA was very difficult due to several obstacles that slowed down the negotiations and put a break on lots of foreign measures like this agreement, like the economic crisis of 2007; the American elections of 2008, just less than a year after the signing of the FTA, which could have changed everything; the necessity of stipulating a fair-trade agreement taking into consideration the actual situation of the economy and the future one right after the economic crisis; and, last but not least, the Trump administration that wanted to invalidate the Agreement in 2016 (Gillespie, CNN Business, 28 March 2018).

Those listed above were only few of the American motivations that slowed down the signing of the agreement or modify its content recently. But, also from South Korean point of view there were some criticisms and doubts. In fact, for some Korean politicians this agreement was not fair and could harm South Korean economy. We know that because in 2008 the Grand National Party, a South Korean conservative party, was considering its position about the ratification of the agreement. Just before the American election of 2008, GNP leadership expressed divergent opinions about the agreement, saying that it was first necessary to establish a plan for farmers and fishermen, who were negatively affected by the agreement. It was suggested to look for government's countermeasures, and then discussing passage of the Foreign Trade Agreement (Hankyoreh News, 13 October 2008).

Some leaders were reported to have said that the United States could proposed renegotiations in the area of automotive industries, which they felt was disadvantageous to the U.S. auto industry. They stated that this could be done following the 2008 elections, but they know that it was necessary to ratify the FTA before then, to avoid any unpleasant surprise after.

The worries of the South Koreans politicians were true. In fact, during the 2008 electoral campaign, the Democrat candidate for the presidency of the United States of America, Barack Obama, firmly opposed the KOR-US FTA, stating that this agreement could have been harmed the American automotive sector.

So, after the elections, in 2010, an agreement with a compromise between the two sides was reached. Significant concessions were granted to the United States on trade in the pre-mentioned sector: tariff reductions for Korean vehicles were delayed, and U.S. gained a broader access to the Korean market.

But, as said before, during Trump mandate, the agreement was criticized again, and another negotiation was needed in order to reach another compromise between the two countries.

So, on 2018, the third round of Korea-U.S. FTA talks begun. The terms included, as stated before, several measures regarding cars and steel import and export.

With respect to autos, the biggest change is a 20-year extended phase-out period for the current 25% U.S. tariff on imports of light trucks from Korea. Instead of expiring in 2021, is going to end in 2041. This measure will delay the anticipated increase of Korean truck imports that might have threaten the US market.

Korea has also agreed to increase the quota of U.S.-origin autos that meet U.S. safety standard and agreed also to recognize U.S. standards for auto parts exports and the adoption of a harmonized testing system for emissions standards among the two countries. Finally, Korea guaranteed to adjust its pricing and reimbursement policy for pharmaceutical products in order to align with existing commitments inside the KOR-US FTA and ensure a fair treatment for U.S. exports in this sector.

For South Korea, from this successful renegotiation it was able to earn a break from the United States' Section 232 tariffs on steel imports.

This means that instead of being subjected to a 25% tariff, steel imports from Korea are subject to a prefixed quota based on 70% of the average annual import volume of such products during the 2015-2017 period.

This renegotiation, led to a fairer trade for the American point of view. In fact, South Korea had to “lose” some of the advantages earned from the previous negotiations in order not to lose the opportunity of trading favourably with the U.S. On the other hand, Korea was able to reduce the tariffs on steel, which is one of the main exports of the country, gaining an advantage that Seoul will be able to use, due to the size of American industry and the high demand for steel and chemical products that Korea can supply

(Ringel B., ““United States and South Korea Sign Updated FTA”, US Trade Monitor, 26 September 2018).

5.2.2 The Korea-EU

On the other hand, we want to have a deep look also on the controversies and the obstacles that were encountered during the negotiations and the signing of the Korea-European Union Free Trade Agreement. This section might be seen as a repetition of the one which is present in Chapter 1, but it accounts for different reasons. In fact, it takes into account different motifs, and introduces the topic of the differences among the two FTAs. As we said, similarly to the American one, stipulating this kind of agreement was not easy and several problems arose during the negotiation and ratification of the FTA, as already said previously. But, the main difference, which we are going also to analyse deeper later, is that while in the KOR-US the causes were only economic, here we also find some social values that are not always met and that caused some incomprehension between the European Union and South Korea. Of course, there were also problems related to the economic sphere, specially, again, to the automotive sector, where Italian and French automakers believed that this free trade agreement would significantly harm their sales by allowing South Korean automakers to compete fairly against them in the EU territory.

But, as specified above in the first part, there has been controversies among European Union and South Korea that had considered economic clauses or agreements, but here this section will focus more on social policies adopted by Korean government. One of the most controversial and discussed topic about the EU-ROK FTA was the abolition of capital punishment. In fact, this is an important matter for European Union, which has in its own requisites the “de jure” and “de facto” abolition of the death penalty (International Federation for Human Rights, 5 July 2019). So, it was argued by some members of the European Parliament that stipulating a massive and important economic agreement with a country that still has in its law capital punishment, even if there have been no executions in the country since December 1997 and in 2010 the South Korean Constitutional Court has declared death penalty unconstitutional, was not fair. European Union tried to criticize the non-abolishment of death penalty, but it was considered by Korea as an interference to internal affairs. This was also a contradiction made by the EU, due to the fact that European Union has also Free trade Agreements with countries like USA, Vietnam or Singapore that still have death penalty and still execute prisoners every year.

Beside this “human rights clause” that European Union added to the trade agreement, the Union started to insert some clauses regarding the status of workers and “labour rights” of countries with whom the EU signed the Free-trade Agreements, South Korea included (European Commission Press Release, 25/02/2021).

In fact, this position taken by the EU has always been seen as controversial, because the EU sees itself as a leading example and seeks to promote its values around the world with every country it gets in touch with. Some may argue that this was a way for the EU to present itself as more than a simple form of economic government that wants only to have merely business with the other party. But the EU’s interests are more rational than we might think them to be. Those normative interests sometimes are only a priority when they coincide with other strategic interests, usually economic interests that are inspired by a neo-liberal agenda, typical of the European Union.

But it can still be argued that the European Union’s approach triggered criticism of protectionism, paternalism and neo-colonialism by trade partners and experts, such as the case of this Free Trade Agreement with South Korea.

The clauses pretended by the European Union and added to the FTA, can be summarized in a commitment of not failing to enforce their labour laws through a sustained course of action in a manner that might affect trade and investment between the parties and the commitment to not weaken or reduce the achieved protection of labour.

No other FTA that has entered into force in Korea to date contains such labour clauses, the one with European Union is the only one. On the other hand, European Union added similar clauses to other FTA signed with other commercial partners, such as Singapore and Vietnam (Pollet Fort, 2011).

5.3 The discrepancies

So, after this focus on both the agreements and the criticisms that arose during the negotiations and after the signing, we might start to understand what the main differences might be and, specially, why there are those differences.

It is obvious that there are some differences for what concerns the amount of goods not subjected to tariffs, the number of chemical products, steel and cars involved in the import

and export (which represent the core of the agreement, together with technological services) towards the parties, but those are not exactly the differences We are interested with.

In fact, this analysis focuses on political differences and especially why United States and European Union really wanted to sign those important agreement with South Korea, and also why South Korea was the first choice of European Union in signing this kind of Agreement.

Those differences can be summarized into a simple statement, that says: “The US-Korea Free Trade Agreement is more economic oriented, while the one between South Korea and European Union is more political oriented”.

Looking to the statement above, it is in fact possible to analyse the reasons behind it, and it is exactly what is going to be done now in this section and in the following ones, where speculations about the future of the EU-Korea FTA will be discussed.

The first agreement between the one with European Union and the one with United States of America to be negotiated was the one with US in 2007, even if it entered into force later, in 2012. As we pointed out before, the negotiation of this agreement and the decision of creating an “economic alliance” between Korea and US took us back to 2007, under the presidency of George W. Bush. In that period, a huge and devastating economic crisis afflicted the US and a big share of the Western world, leaving Asian country outside of this tremendous crisis with little or no damage at all. In this situation, China saw the opportunity to emerge even more, using the difficult position of the Western block in order to start investments and commercial policies that, in China’s mind, were going to harm American economic dominance. So, in order to react and being able not only to recover from the crisis but also to establish a deep economic relation with the geographically closest “ally” to China, the US took the decision of creating this FTA, which was taken, as said, by President Bush. The principal aim of the KOR-US treaty then was merely an economic move in order not to make a favour to South Korea, but to give America a new momentum and, at the same time, block some of the export China had towards South Korea, making Chinese product less convenient for Koreans, due to the removal of duties and reduction of fees from America. This move also forced China to trade more with less profitable markets, such as Vietnam or India, where also the political relationships were not that good due to territorial disputes that still goes on today.

So, paradoxically in the KOR-US agreement, the American objective was not to strengthen the commercial relationship with Korea, or at least it is more correct to say that it was not the main objective; but rather recover from the economic crisis of 2007/2008 and stop economic expansion of China towards Korea. Said that, it is clear that the American reasons behind the FTA were not directly related to Korea and that this Agreement had merely an economic meaning.

The KOR-EU FTA on the other hand was not done as a response to an action of a third country and its main goal was not the one of expanding the economic power of the Union but, as we can observe by several policies enacted by the European Union and also from the previous paragraph, but it had a more political and social value, because its objective was the spreading of EU values, products and way of interacting. In fact, the FTA signed with South Korea was the first one signed with an Asian country, which opened the way for more agreements with other Asian partners, such as EU-Singapore FTA in 2015 or the one with Vietnam in 2019. We might argue about the geopolitical importance of those last two agreements, which play an important role in the maritime trade, having the European Union FTAs with the countries that controls the South China Sea, which is an important if not fundamental area for maritime trade between Asia and Europe, but it is not the main point of this thesis. So, looking to the KOR-EU FTA, the European Union main objective was, beside the commercial one, the spreading of European firms and products outside the geographical union borders, to have a stable, strong, and reliable ally that is able to spread at the same time inside the European Union its values, its investments and vision, connected also to mutual commercial benefits given by the presence on both parties of very important and powerful firms.

So, as we were able to understand, the two Free Trade Agreements may seem similar on a first look, but they change completely once the context is introduced and the geopolitical and economic scenario took place, leading to a very different comprehension of the goals and the motifs behind them. In fact, the main differences are not in the clauses or tariffs applied (which, of course, differ a bit), but in the reasons behind the FTA and why it has been chosen to negotiate and sign such FTA. As we said, US objective was purely economic, trying to recover from the 2007 crisis and from the usurping of China as world main economic power. While, for European Union, the main reason was purely politic, trying to expand towards Asia, looking for new countries where to share its ideals and

way of exchanging first goods then knowledge and friendship in a period where allies are even more precious than goods and raw materials.

But what about Korea? We talked only about the US and EU reasons behind the signing of these agreements but, usually, an agreement is formed by two or more parties.

For the KOR-US, the objective of Korea was, as for America, purely economic. In fact, Korea wanted to use the economic crisis at its own advantage in order to enter deeper inside the American market, which at that moment was not in a good shape, with lower prices (due to lower costs of production but not lower quality) and try to get a share of it. It worked for the automotive sector, where Hyundai and KIA were able to obtain a remarkable share of the market with lower prices but not lower quality of cars and worked also for the export of steel, and technological components (mainly produced by Samsung).

For the agreement signed with European Union, the situation is different. EU was hurt by the economic crisis of 2007 too, and faced an economic recession until 2016, but this was not important for Korea, which already had a significant share in the technological market and in the automotive sector. What Korea really wanted was the possibility to gain new commercial partners from developing European countries like Poland (which now is one of the main Korean commercial partner) or Slovakia, from whom Korea was able to import essential products at a lower price respect to Germany, Italy or France, but with no duties due to the agreement and with the same basic quality of the other EU countries due to the common European standards of quality.

So, even from Korean side, the two agreements are different. One was signed in order to try to enter in a market and trying to be predominant by obtaining a share, while the other one was done with already the knowledge of the market and already a stable place in it, but with the opportunity of importing important goods at a lower price.

So, wrapping up our conclusions we can see how the agreement between the European Union and South Korea is more complete, fair and “satisfying” for both parts than the one between the USA and South Korea.

Behind this conclusion, there are several reasons: starting from the clearest, which is the renegotiation of the agreement, which happened three times for the KOR-US agreement, while for the agreement with EU, no renegotiation has been necessary until now. This

highlights how in the EU-KOR agreement the parts really worked together at the agreement and how both cooperate in achieving this milestone, while on the US part, as said, it was a purely political act.

But how can we analytically define whether the EU-KOR FTA was more successful than its “brother”, the KOR-US, or not? It is difficult because there are no clear data that show a direct comparison between the two, due to the different economic size of the parties and the different clauses of the agreements, which directly influence the success or the unsuccess of the treaty.

In fact, as reported by the European Commission, since the entry into force of the EU-Korea FTA in 2011, bilateral trade and investment have expanded remarkably. The total bilateral trade in goods amounted to 107.3 billion euros in 2021, up by 70.8% from 2011.

The data regarding the total trade are incomparable due to the diversity of the economies. In fact, in 2021, the total trade between US and Korea reached the amount of 227,4 billion of euros, as reported by the US Congress. The data we can compare, though, are the growth in exchange between the parties. As seen, the growth of bilateral trade grew by 70.8% from 2011 between EU and Korea, while between US and Korea increased by only 35,2% (Congressional Research Service, 2023).

We also have to point out that South Korea is the seventh largest commercial partners for US, while it is the third largest for the EU, and also that EU remains South Korea’s biggest foreign direct investor, ahead of Japan and the US (European Commission, 2023).

So, by having these data we can observe that the free-trade agreement between USA and South Korea had a positive impact, with an increase of bilateral trade near to 35% reached in more or less 10 years and a volume of trade remarkable, but still present some issues. The three renegotiations in less than three years, all made for political reason rather than economical, have weakened the treaty and the commercial relationship between the countries, which explains why a policy like the Inflation Reduction Act (IRA), that basically damaged the foreign electric and technological products, was approved by the American Congress, weakening even more the treaty and the commercial partnership.

On the other hand, the agreement with the EU represents a complete success, with a growth in trade near to 70% in ten years, investments from both parties and the tightening of alliances that go beyond the economic sphere, which we are going to see later. It is no

surprising then, that EU used the EU-KOR FTA as a basis to expand its sphere of influence in Southeast Asia, using what learned from Korea in order to sign other agreements with other countries and have already established connections and past experiences.

So, concluding this part, in my opinion and looking at the data, I can firmly believe that the EU-KOR FTA outclassed the American counterpart not only by numerical results, but also from a strategic and a geopolitical point of view. The European treaty is a treaty that aims at the future, while the American only looks at the present or, sometimes, at the past.

6. Future Geopolitical speculations about the Agreement: what might happen?

By the time the negotiations for the FTA between the European Union and South Korea started, in 2007, and today, 16 years have passed. In the meantime, there have been many changes in the international environment.

The Lisbon treaty for example, which was signed in 2009, changed some of the EU rights. There was the idea that those changes should be applied also to the Korea-EU FTA, which should be modernized to reflect the ideals of the European Union. The Lisbon Treaty in fact, put more focus on fundamental rights of man which, as said before, was a matter of discussion during the redaction of the EU- Korea FTA.

During the decade 2010-2019 there were not relevant shock in the geopolitical or in the world economic scenario that were able to endanger or change this Free-trade Agreement. We can see that this period is, luckily, absent of remarkable events that affected both EU and South Korea. Brexit might be seen as the only main “event” that influenced the European Union, United Kingdom itself and slightly South Korea. In fact, UK and South Korea signed a Free Trade Agreement among them in 2019, which is based of course on the FTA signed between the European Union and Republic of Korea. So even Brexit, the most remarkable event that shocked European Union between 2012 and 2019 did not affect that much the FTA and the trade flows between the two parties, as we were able to see from the graphs in Chapter 1. Different were the effects between United Kingdom and European Union, but these effects and what the exit of UK led to EU and to UK itself are out of topic.

Regarding South Korea, no remarkable events happened during this window of time that might affect seriously the structure of the Agreement. The only notable events were the government crisis in 2016, that we already discussed previously, and some issues with their upper neighbour, North Korea, but those issues nowadays do not scare anymore neither common South Koreans, so markets are unaware and untouched by missile launches and threatens made by the Kim’s family regime.

Going on, in 2020 something that shocked not only the trade between South Korea and European Union but the whole world happened: the Covid-19 pandemic.

The 2020 pandemic did not disrupt or invalidate the agreement, because a flow of import and export between the countries was still active, as we saw earlier from the graphs in Chapter 1, but the value of trade decreased a lot due to the reduction of production and the economic slowdown in both parties due to lockdowns. The pandemic slowdown of trading lasted for the whole 2020 and part of 2021, with 2022 being the year of recover from the crisis and removing of most of the laws against the spread of the disease, which affected internal and external economies. In fact, projections for 2023 are optimistic, with an increase of 1.7% in 2023 (2023 EU-Korea Trade and Investment Relations, Delegation of the European Union to the Republic of Korea, 2022).

After the Covid pandemic, or we can say at the end of it, something else happened, something that might really affect the functioning of the agreement, especially since it was stipulated with a political intent. In fact, on February 24th, 2022, Russia invaded Ukraine and just shortly after, China restored military drills in preparation for Taiwan invasion (Zheng, Bloomberg, 2nd August 2022), creating a situation of uncertainty that is going on still today.

For the moment there are no official available data on how these two events affected the trade flows between the parts, but due to the enormous inflation that afflicted Europe during 2022 and most of the 2023, in my opinion the imports from Korea will decrease, due to the decreased purchase power of European and at the same time also exports towards South Korea will slightly decrease, due to the higher cost incurred related to the increasing price of energy, necessary to physically transport the goods from Europe to Korea and vice versa. As said, there are still no data available, but a decrease in the flow is highly probable. At the same time also Korea condemned the Russian invasion but, contrary to Europe, it did not enact any sanction towards Russia so, for the moment, the Russian supply of natural gas and oil is still on, even if with some increase in price, which might lead to a slightly increase in cost of production and transportation towards Europe even if not as high as the one in Europe, where the supply from Russia completely stop with the damaging of the gas pipelines Nord Stream 1 and Nord Stream 2 and with a stop decided by the Russian central government. All these reasons have to sum up in order to give us part of the picture that today represents the exchanges between South Korea and European Union (Corera, BBC News, 3rd May 2022).

The situation described above is what is currently happening in Europe, while in South Korea measurements like the ones above were not taken yet by the Russian government, even if, following the agreement that South Korea signed with a European Union country, a direct opposer of the Russian invasion, everything is still open and possible.

In fact, with the Free-trade Agreement of 2011, Korea found new commercial partners, but not only through private firms spread all over Europe, even with the central government itself. In fact, the Poland Army ordered from ROK Army 189 K2 tanks, 212 K9 howitzers and 48 FA-50 fighter jets for a value of 13.7 billion dollars arms deal, Seoul's biggest ever (Reuters, 13 July 2023). This deal between Poland and South Korea creates a new scenario: in fact, Poland and South Korea are establishing a new partnership that goes even beyond the commercial sphere of the Korea-EU FTA. Also, the intent of Poland in supporting Ukraine is clear, due to the enormous supply of tanks and military equipment that is providing to Ukraine, while South Korea by signing a very advantageous deal with a commercial partner like Poland, which is giving away its old equipment to Ukraine in order to fight Russia, is clearly taking a position in this enormous game, and this position is against Russia, which is one of the principal supplier of gas and petrol of South Korea (ABC News, April 20,2023).

From now on, everything that is going to be written in this chapter will be pure speculation, based on scholar's articles and revised news from accredited sources. Several scenarios will be described, considering the geopolitical situation both in Ukraine and in Taiwan, trying to understand how they might affect the EU-KOR FTA.

6.1. The Ukraine War scenario

The Ukraine invasion and the (possible) Taiwan invasion are very interconnected. In fact, both Russia and China in the last few months have consolidated their alliances both in an economic and in a military way, with joint military drills and special agreement about energy (The Guardian, 17th April 2023). This means that the situation is very delicate and that the economic stability of Asia and Europe really depends on those two countries.

As said above, on 24th of February 2022, Russian forces entered into Ukraine in order to conduct a "special mission" with the aim of liberating the occupied Republics of Donetsk and Luhansk, which were previously recognized as independent from Russian

government, with an act that only Russia and Belarus recognized among the UN countries.

The Ukraine war situation, as it is today, was able to show only how Russia is not a military superpower anymore and how the energetic block that Russia imposed for gas and petrol is accelerating the rush for alternative energies or is favouring the enter in the market of new suppliers, which previously had a minor role, such as Tunisia for European Union. If, in fact, we try to analyse how this war is going to affect the FTA between Korea and European Union, we see that it is not as at risk as someone might think. This situation is, of course, stressing more the European Union rather than Korea, due to the constant supply of tanks and aircrafts asked by Ukraine, the tensions at the borders in Poland, Latvia etc., the humanitarian crisis and the incredible number of refugees and, of course, the inflation due to the increase in energy costs. But all of these factors are not able to harm in any way the agreement signed with South Korea, due to the nature of it. In fact, the contract does not account for energy supply or similar things where the Russian block might represent a menace, in the current status quo.

If in the future Russia would win or it would be forced to withdraw from Ukraine, the necessity of modifying the treaty might arose. In fact, if an hypothetical Russian victory occurred (which seems very unlikely), South Korea will found itself without a consistent share of gas and petrol, which comes mostly from Russia, while China will have an economic advantage on EU, US and western economies due to its support to Russia which will sell petrol and gas at a convenient price. In this way, China would be able to develop even more faster than it is doing today, and it might also be able to prepare the Taiwan invasion, which will cause even more harm to the EU-Korea FTA.

So, in case of a Russian victory, the consequences for EU will be huge. In fact, military expenses would skyrocket, reaching even the 3% or 4% of GDP of member countries, while the energetic crisis will be even deeper, causing a steeper increase in prices which will affect, of course, also the export and the import towards South Korea. So, the FTA might be adjusted, with some specific clauses on some products and a slowdown of trade flows for at least 5 years, in my opinion.

But the functioning of the agreement would not be threatened. As said, the commercial flows will slow down but not interrupted and the FTA will be adjusted, not invalidated. So, even in the case of a, unlikely, Russian victory, it is highly probable that the economic

partnership between European Union and South Korea will continue, going maybe even deeper, touching some areas that were never taken into consideration, like also a military cooperation.

In case of a withdrawal of Russia from Ukraine, with consequent “victory” of the NATO bloc, the agreement would not be modified for any reason. In fact, in this scenario the economic situation of Russia will only advantage South Korea, which will be able to acquire natural gas and oil at even a lower price than before, while Europe, which in the meantime was able to negotiate other agreements regarding oil and natural gas with other partners, would be able to cut any relationship with Russia.

This last scenario, which seems to be the most realistic in the long term, also represents an evolution of the relationship between EU and Korea because, as saw before, nowadays Poland and the Republic of Korea are having a military partnership regarding the supply of tanks and aircraft to Polish Army. This might lead to future collaborations between European Member States and South Korea.

6.2. The Taiwan invasion scenario

But, in my opinion, the event that might really affect not only the treaty but the economic stability of the entire world, not only of the FTA, is the Chinese invasion of Taiwan.

Taiwan in fact, possess two incredible features: its geographical position, right in the middle of South Chinese Sea, Philippines Sea, and East China Sea, which offers a strategical position in controlling most of the cargo shipments directed to or that came from Europe and also petrol and gas shipments that came from Arab countries, so it allows to have track of most of the goods traded among that area.

The other feature, which is even more important, is the fact that Taiwan is the world production leader of semi-conductors, which are a fundamental component of mostly everything technological. So, a country like South Korea, with an industry focused on technological innovation (thanks to a firm like Samsung) depends on Taiwan for supply of semi-conductors in order to pursue its economic expansion. On the other hand, to produce semi-conductors, rare earths are needed, and China is the world’s leader supplier of rare earths. So, today, rather than an historical reason, there is an economic reason behind the Chinese idea of invading and getting back Taiwan. If the operation would be

successful, China would have the total vertical control on the production and supply of semi-conductors, which will give China the possibility to decide at its own price, who is going to develop its technology and who is not, virtually establishing a monopoly in the semi-conductor sector.

Paradoxically this second scenario, where China really invades and is able to take back Taiwan, is even more “catastrophic” for European and South Korean economies than the Ukraine war which, as we were able to see in the previous paragraph, showed only how European Union and South Korea are not that economically influenced by the Russian actions. On the other hand, a Chinese invasion of Taiwan will cut most of the South Korean technological production, due to its highly advanced technological sector, both in the automotive then in the home appliance industry, demolishing or harming very seriously almost the entire Korean economy, due to the fact that most of it is founded on technological research and improvement and that Samsung, the world leader in technological products, accounts for 20% of Korean GDP.

It is probable that this scenario (even if not so probable due to military agreements between Taiwan, US, Japan and South Korea itself for the defence of Taiwan from a Chinese invasion) will lead to a renegotiation of the FTA, since it is based not only on commodities like agricultural products and steel, but also on technological investments and research which would become more costly and not convenient for neither of the parts, if those investments has to be done jointly at the same old rules established by the FTA of 2011.

A new radical renegotiation of the deal will take time, at least two years, and will impact heavily both of the parties: from one side, European Union will find itself to renegotiate from the beginning an agreement with an important commercial partner, from who EU was able to acquire medical equipment, steel and chemical products (necessary for the industry) and, of course, technological products and investments, due to the fact that EU cannot count on ASML (the only semi-conductor producer in Europe) only. On the other side, Korea will find itself in a situation where the goods that would be affected by the suspension of the FTA would be agricultural commodities. In fact, as said in Chapter 1, due to its mountainous terrain, Korea imports most of its food from EU, Australia, and other South-Esta Asian partners. The situation, as we may imagine, would be not pleasant for the parties, with EU that would find itself slowed down technologically, forced to

purchase technological components from other sources; while Korea would have an enormous inflation on first-necessity goods like fruit, vegetables, meat and all other food commodities. A hypothetical hyperinflation would hit Europe, already struggling with the current inflation started in February 2022, while Korea will face an inflation on the food commodities, which will cause a decreasing of spending from citizens in other goods and services and the possibility of repaying with more difficulties, or not being able to repay at all, personal debts. South Korea in fact, has one of the highest private debts indexes in the whole world, with 164,14% of the GDP as 2020 (Statista report, 2023).

In analysing this scenario, we have to deal with several factors: who is going to win and the period of time the “invasion” take place. In fact, knowing the important value of the semi-conductors’ factories, those would be not bombarded or harmed by Chinese, due to its strategic importance, while Taiwan may decide to eliminate them in order to remove the main reason China decided to invade (because as said before, the historical reason is not the main reason China is pushing towards Taiwan). In this situation, the whole world will slow down due to the absence of a big share of semi-conductors, China and Korea too.

So, while the conflict will go on, the situation listed above might take place, with a readaptation of the agreement that will follow the current supply of technological items and investments. Or, on the other hand, major joint investments might be done by both parties, creating a new whole semi-conductor hub, that will connect Samsung and ASML, but it is an investment that might take more than 5 years just to take off. Considering then the period and the threats made by China and other countries that might oppose to that.

The following analysis about whether China will take back Taiwan or not probably were not going to influence the semiconductor’s market, because the factories will be destroyed by Taiwanese army, but the fact that in this way China will control a strategic area in the pacific ocean and will be able to expand its economic area of influence, being able to control every cargo ship between Europe and far east, imposing sanctions and duties.

All of the previous scenarios, as said, are purely speculative. At the moment there are no data that are able to confirm or deny any of the hypothesis listed above. The scenarios might be totally different from the one described above and might even, hopefully, never happen. All the speculation made was done in order to see how a treaty designed to last

and to create a solid relation between two of the main economies in the world might act if stressed due to unusual and unique circumstances.

7. Other Agreements signed by European Union

As we were able to see in Chapter 3, the European Union has other FTA or RTA, which differs from Free Trade Agreement because while FTA remove trade barriers or tariffs on all or most of the product imported and exported by both parties, the RTA may or may not remove the tariffs or could choose to place a fixed one or other kind of agreement related to also other goods.

So, as said before, the only FTAs that European Union has are between South Korea (the one we are analysing in this thesis), Singapore and Vietnam.

Those other FTAs were built following the structure of the EU-KOR FTA, due to its successful formula and the desire of EU to expand its influence and create commercial partners also among other countries in Pacific Asia, in an area where most of the commercial naval routes convey. In fact, beside the free trade effect specified during the EU-KOR FTA analysis, here we have also a geopolitical reason. If we look at a map of the world, we are able to see that one of the main, if not the biggest, commercial route in the world passes through Singapore and Vietnam. For this reason, EU signed those two agreements with Vietnam and Singapore, allowing European ships to deliver and trade with more frequency and with enormous advantages, also allowing the economies of Singapore and Hanoi to benefit from this continuous flow of European goods (Marslev and Staritz, 2023). We also know the continuous pressures that China is making towards Taiwan, due not only to its production of semi-conductors, but also to its strategic position which is right between Vietnam and Singapore and right in the middle of this busy naval route (Hsieh, 2022). So, EU decided to sign these FTAs also to give Singapore and Vietnam support against the Chinese move and ensuring them that EU stands with them.

In this section we are going to see also other relevant trade agreement that the EU has signed in the last years, which are not FTAs but RTAs, and the status of those, and if they are correlated or not with our starting agreement, the FTA between South Korea and EU.

During the last decade there was an enormous increase of agreements signed by EU with other commercial and non-commercial partners, due to the increasing uncertainty of the economic and social geopolitical situation and in order to spread its values and presence all over the world passing through not only the main actors in the global scene but also through less “relevant” countries where EU decided to invest and focus its attention.

To support that, agreements with Australia, Canada, India, Indonesia, and New Zealand, which are countries that nowadays represents not only established members of the G20 but also emerging economies, were signed. But, at the same time, European Union signed agreements also with Chile, Kenya and Mexico, which are countries that nowadays do not have a main role as actors in the geopolitical scene. But, as said before, EU saw a strong potential in those countries and decided to build important relationships with them, hoping that they will last as long as possible.

The aim of these agreements was different, and each of them should be analysed singularly briefly in order to understand clearly the intentions of both parties.

In this thesis there will not be made a distinction among those agreements, trying to understand which one is the best and why or else. In this chapter the reasons behind the signing of the RTAs and their current status are going to be introduced and analysed, compared to the EU-KOR FTA.

The RTAs signed between EU and Australia aimed at reducing barriers to trade and improve the export from EU towards this key country. Then, another goal of this agreement is to being able to put European companies exporting to or doing business in Australia on an equal footing with those from countries that have signed the Trans-Pacific Partnership or other trade agreements with Australia, creating a sort of tight partnership between Australian government and European firms, allowing also some of them to better participate in government procurement in Australia in order to be able to adapt better to the Australian commercial environment and increase the size of the trade (Drake-Brockman and Messerlin, 2018). Also, policies and provisions about sustainable development and environmental regulations are also present in the RTA.

The agreement signed with Canada, also known as “EU-Canada Comprehensive Economic and Trade Agreement” (CETA), entered into force provisionally in 2017, which means that not all the treaty has entered into force, but its process is gradual and in the next years is going to enter fully into force. The CETA features some of the strongest commitments ever included in an EU trade agreement, including on promoting labour rights, on protecting the environment, and on sustainable development, obligations that are binding for all the EU countries and Canada. In addition to these sustainable measures regarding labour, environment and development, the economic sphere of the Treaty comprehends also other benefits for the parties like the gradual reduction, up to 99%, of

the tariff lines, the protection of EU's geographical indicators and intellectual properties and the improvement of EU companies' access to the Canadian services market. The CETA is going to transform gradually in a more advanced FTA, due to the removal of tariffs and the binding measures adopted by the parties (Finbow, 2022). Due to the ambition of the agreement, it has been decided to approve it gradually and only if all the Member States Involved have already reached some pre-fixed objectives.

The RTAs signed with the second group of countries mentioned before (Kenya, Chile and Mexico) are characterised by several incentives and investments of the EU in order to boost or to support the development of those nations and create, at the same time, a strong partnership.

The agreement with Kenya is still not in force, due to the end of negotiations in the early months of 2023. The main goals reached out in the negotiations were the mediate full liberalisation of the EU market for Kenyan products, in order to push the Kenyan industry and production lines (Kiamba and Bachmann, 2015). Another goal was to incentivise EU investments in Kenya, thanks also to the increased legal stability and credibility reached in the last years. It contains also, similarly to the other agreements, policies supporting environmental preservation and sustainability commitments, especially some policies and aids addressed directly to the preservation of Kenyan forests and natural environment and landscapes.

Recently EU updated through new negotiations that were concluded on December 2022 the new version of the RTA with Chile. Those new provisions were updated in order to be more suitable to the current economic and social situation of both countries and their main goal was to deepen the trade and investment relationship between the parties. During the negotiations it has been decided to remove most of the remaining trade tariffs on goods, facilitating in this was trade in services, and making easier for small companies, both European and Chilean ones, to do business between them (Garcia, 2020).

For the agreement between EU and Mexico the situation is a little bit different. In fact, EU and Mexico had an agreement which was signed in 2000, so it is not updated and does not cover most of the new technologies and goods that are imported and exported. A new "agreement in principle" has been reached but for the moment no official negotiation has started yet, even if the objective to reach are clear to both parties, which are the

enlargement of the trade flows and the stabilization of the existing ones in order to create a new solid commercial relationship between the parties.

There are other situations, where some RTAs signed between EU and other countries turns into FTAs or, to be precise, are on the way to evolve from RTAs to FTAs. It is the case of the agreements with New Zealand, Indonesia and India.

The negotiations to switch from the New Zealand-EU RTA to the New Zealand-EU FTA, were concluded in 2022. The decision to transform this agreement into a free-trade agreement comes from the fact that bilateral trade in goods between the two partners has risen steadily in recent years, reaching almost €9.1 bn in 2022, and EU nowadays is the New Zealand's third biggest commercial partner. According to data from the EU, with the entry into force of the FTA in the next years, the trade among EU and NZ is expected to increase by 30%, with removing tariffs alone saving businesses €140 million in duties per year and with EU investments expected to grow by 80% (European Commission, 2023).

Once the updated version of the agreement will enter into force, it will create significant economic opportunities for companies and consumers and will develop a strong economic alliance in the dynamic Indo-Pacific region, thanks also to the other agreements that EU is going to sign with Indonesia and India and the ones that were already signed with Singapore and Vietnam.

In addition, the new NZ-EU FTA will respect the Paris Climate Agreement with specific policies created ad hoc by the parties, always in the frontline for fighting the climate change.

In order to better stabilize not only economically but also from a geopolitical point of view, EU is negotiating a new Free Trade Agreement with Indonesia, that will be able, with the addition of the already signed agreement with Singapore and Vietnam, to create a stable link between EU and the Asia-Pacific region (Manurung, 2016). Other negotiations with Malaysia, Thailand and the Philippines have also been launched but are presently on hold. As said, the ultimate goal for European Union is to create bilateral trade agreements with individual ASEAN countries to serve as building blocks towards a future region-to-region agreement between the EU and ASEAN. The objective then, is to create an enormous free-trade zone between Europe and Asia-Pacific, where all the trade

flows can liberally pass without any trade fees or duties in order to boost enormously the economies of both EU and ASEAN countries, creating maybe the biggest free-economic zone in the world (Limenta, 2022).

Negotiations to sign an FTA started also with India in 2022, together with negotiations for Intellectual property and Geographical Indications protection. Currently India is the most populated country in the world and, according to several scholars, in the next twenty years is going to be one of the 4 main economic powers in the world, so an economic agreement with a current and future superpower is mandatory in order to increase the trade flows and the export of EU and at the same time to grow more and faster for India (Navarra, 2020).

The negotiations started by the EU aims at setting the ground for more than a normal FTA. In fact, in addition to the removal of barriers to trade that will help Indian and European firms, other goals consist in develop a list of intellectual properties and geographical indicators in order to protect both economies from fraud and counterfeited products and pursue ambitious commitments on trade and sustainable development.

The investment protection negotiations aim to provide investors from both sides with a predictable and secure investment environment, in order to create a connected economic area where the biggest economies can trade freely secured by regulations that aim at protecting their industries and their investments, which are increasing every day both from India to EU and, of course, vice versa.

But as we were able to see from the case of Indonesia, EU does not sign agreements only with single states, but also with regional unions of countries.

It is the case of the agreement that was signed with the Mercosur, which is a union of south American countries (Argentina, Brazil, Paraguay and Uruguay). We can see the signing of this treaty as a sort of “twinning” between the two organisations, due to the high presence of second and third generations of immigrants from Europe in South America and the sense of friendship and partnership that is shared among the parties. The aim of this agreement is, in fact, the increase of bilateral relations between the two parties and the Member States which, as said before, had strong cultural connection and deep roots, due to the high percentage of European immigrants in the share of South American population, especially Italians, Germans and Spanish (Pantaleo and Seatzu 2021). Also,

the creation of more stable and predictable rules for trade, investment and in the area of intellectual property rights was set as one of the main goals together with the promotion of sustainable development policies shared by both parties. The agreement represents a win-win for both the EU and Mercosur, creating opportunities for growth, jobs and sustainable development on both sides. (Hagemeyer et al., 2021).

The last agreement, and maybe the most famous signed recently by the EU, is the one with United Kingdom which, after leaving the European Union officially in 2020, had to renegotiate all the commercial and non-commercial conditions and contracts with the EU, going from the import and export of products produced in the EU territory to the mobility of EU and British citizens. This treaty has a story behind it, because EU wanted to keep relationships with United Kingdom as smooth as they were before the Brexit, with a “soft” exit agreement that basically would have left unchanged some of the European Treaties, like the Schengen one, and with a position of favour towards European Union market. The British government decided to go through a “harsh” exit, renegotiating from the beginning all the agreements it has with European Union, suspending the Schengen treaty and exiting from the Schengen area, and by facing a situation where imports from EU countries became more expensive and, not being able to satisfy alone its demand for food, spending more than before for fruits, vegetables and other soft goods that came from EU (Martill and Staiger, 2020). This was reflected also during the Covid pandemic, where the EU gave funds to the member states in order to restore the economy that was damaged by the lockdowns and purchase the vaccines as a single entity. UK faced the pandemic alone, without any fund and by purchasing vaccines on its own. On one hand this move had some positive effects, due to the independence of taking decisions and action without having the need to consult the other members of the EU, but on the other hand it had serious troubles in recovering from the damaged economy, or at least not as fast as the EU.

So, this agreement signed by EU and UK will probably being reviewed and modified, according to which government will be in charge of the British Government, due to the different visions of EU present in the country, so it is only a matter of years that a new treaty might be signed between the parties (Ott and Ghauri, 2018).

Having seen those agreements that EU has stipulated during the years with different countries all over the world, we can see a recurring theme.

In fact, most of the countries, starting from Korea until India or New Zealand, have their own area of influence in the Pacific Ocean. European Union with this agreement is trying to be influential in the only area where it is not present: in the Pacific. By having agreements with countries that have a maritime history and that are more or less influential in that area, the EU is building a net of FTAs and RTAs that will allow the Union to safely being able to trade with favourable conditions all over the world, with commercial allies in the Indian Ocean (India, Kenya), Pacific Ocean (Korea, Singapore, Vietnam , New Zealand, Chile, etc.) and, of course, the Atlantic Ocean. This strategy came from, in my opinion, a perceived disillusionment towards the US. The EU is trying to be less influenced by the USA and is trying to find commercial partners where the economy is pulsing right now, in the Asia-Pacific area. This is why in 2011 EU started building its net with the Korea-EU FTA, which remain one of the most important trade agreements both EU and Korea have, in order to be able to then expand its own influence and create relationships and friendships with other countries, more or less influential, in the Pacific area (Malmström ,2022)

Those agreements represent a new step for European Union where, for the first time, Europeans are not trying to colonize other countries that might be useful to their own interests but they are trying to integrate in the market as an influential economy that is not trying to loot from Asian countries but instead has as objective to trade and establish solid relationships for the future, a future that, as lot of scholars said, is going to be dominated by Asian economies.

At the moment it is not possible to provide data about those new agreements that European Union has stipulated with those countries, due to the fact that some of them just entered into force or are planned to enter into force soon or negotiations are still going on, so real data about the impact of this agreements on trade between European Union and the signer and among European Union and the signers are not available.

We can, though, make some guesses on how these treaties are going to impact the role of European Union and what role the Korea-EU treaty might have in all this.

The net of commercial (and sometimes not) relationships that EU is building will be crucial in the next twenty years, due to a shift towards east of the world's economic centre. EU does not want to be unprepared for that and is moving early in order to be sure to take part to the new era of trading. In fact, as we saw before, the FTAs and RTAs signed or

negotiated follow exactly the naval route that from Rotterdam harbour (the most important commercial harbour and hub in the EU) goes to Asia Pacific, passing through Suez Canal, India, and Singapore (Grare and Reuter, 2021).

All these relationships will be able to expand EU influence and increase its commercial and negotiating power. The results, if we maintain the current geopolitical scenario, can be very satisfying for European Union. In fact, the Union might be able to find alternative suppliers for energy, after the closure with Russia, and at the same time, be a key player on the new market created, supplying the new players, like Singapore, India, Korea etc., with European goods, cars, and food, which still represent a valuable asset towards these countries.

At the same time. Korea might find itself in a comfortable situation, due to its well-established friendship with EU and European member states, might use this new net of commercial alliances to also spread its own technological products, whose quality is well-known to anyone, towards other countries with even less duties and taxes.

This new tight net might create a new free trade commercial area, where developed countries and countries which are emerging and will be soon superpowers can exchange freely in order to develop first, in a cheaper way and efficiently (Pajon, 2022).

So, the EU-KOR FTA represented just the starting point for both countries in order to develop links and connections with future commercial partners, and in the following years we would be able to see the real strength of this (hopefully) newborn network, starting. Maybe, with the Expo 2030 if held in Busan, which represents the first big opportunity for Korea, and of course its commercial partners, to really demonstrate if this net of partnerships works.

In my opinion, analysing the current geopolitical situation and all the uncertainties and crisis that arise every day, this initiative that European Union made up could be game changing, putting itself in a position where it is needed everywhere, from Europe to Asia, passing even through Africa. In fact, EU is using the international agreements, FTAs or RTAs, as a first brick in order to build a new road that will finally connect Europe, Africa and the Pacific region.

8. Next Steps

Even if we speculated about the future of the Agreement according to the current geopolitical scenario, with the invasion of Ukraine by Russia and the (unlikely) invasion of Taiwan by China, the Agreement is currently changing.

The changing I am referring to are not related to the economic side of the agreement, regarding the duties and the fees or the list of products that are under the list of intellectual properties but are related to the evolution that this treaty is leading to. Several initiatives and steps were made by both European Union and Korea towards sensitive themes, from the environment to the energetic independency passing through the protection of data. All of these initiatives, that before were conducted separately by South Korea and EU, now are conducted jointly, with research and consulting teams from both parties that work in order to find the best solution for both parties, investing both in those findings.

One of the steps made by EU and Korea is related to the research and development of new sources of energy, especially the green ones, in order to start a process of energy independence that is also able to help the planet and fight the climate change.

For example, the EU in June 2020 announced the “EU Hydrogen Strategy”, to promote related policies in areas such as investment, regulation, market formation, and R&D related to the using of hydrogen as an energetic source. In the Next Gen EU plans, the European Union fixed as objective, the expanding of using of renewable hydrogen from the 2% of today to the 15% in 2050. The EU's hydrogen strategy is structured in stages, with short to mid-term initiatives like renewable hydrogen production and carbon emission using low-carbon hydrogen to long-term ones.

At the same time, Korea announced in 2019 the revitalization of the hydrogen economy roadmap, which established objectives in order to gradually substitute hydrogen as a source of energy in the country.

EU and Korea are going to cooperate on this side, it has been launched in fact a green partnership in May 2023 that aims at reach, together, some concrete objectives and initiatives regarding the usage of hydrogen to create electricity and to use it as fuel for cars by 2050.

Another important issue where South Korea and European Union are cooperating regards the regulation of data. In fact, as the importance of the digital economy grows, major countries are strengthening regulations about that. The EU at the moment, thanks also to the Digital Markets Act approved in 2022 and the General Data Protecting Regulation, is at the forefront of this movement right now, while Korea is slowly adapting, following the changes enacted by the EU and adapting it to their needs.

Due also to the technological nature of the South Korean economy, the Startup support also is a matter of cooperation between the two signers of the agreement. Right now, European Union supports the creation of startups within the Union boundaries with financings and tax reduction but, due to the high interest of Korea in creating a flourish environment for the creation of startups, there are the conditions to develop a cooperation that will help venture capitals to invest in startups in both the areas or startups across the EU and Korea.

The cooperation between EU and South Korea, as we were able to see, skyrocketed after the signing of the FTA. The well-established economic relations and the continuous growth of the trade flows made possible also the development of other kind of “joint ventures” regarding sustainability, data protection and investments. I will not be surprised if, in the next five or ten years, more projects and initiatives carried out by both parties will turn out to be game changing not only in the economic sphere but also in the sustainability. The effort that EU and Korea are putting into the evolution of the FTA is remarkable, because both parties have really understood the meaning of an agreement: agree and evolve together to reach the best development possible for me and for my partner.

9. Conclusions

This thesis first has examined the status of trade and investment between Korea and the EU after the Korea-EU FTA took effect in July 2011 until today, more than ten years later.

Right now, as of August 2023, the EU has 46 Regional Trade Agreements (RTAs), 19 of which came into force after the signing of the EU-Korea FTA of 2011. So, starting with this FTA, the European Union's partners tended to take this agreement as example and then diversify it according to the different needs of the parties, in order to make it as efficient as possible.

It is possible to say that this agreement has, of course, made history for both EU and Korea, being used as example for following treaties and being the first of its genre, connecting into a solid friendship and commercial relationship wo of the most influential and strong economies in the world.

We saw from the tables in Chapter 2 how while the Korean exports towards EU were a little bit stagnant, but with an increasing trend, the imports from EU, on the other hand, had an incredible increase right after the signing of the Free-trade Agreement.

This trend was most notable during the period between 2011 and 2013, right after the European fiscal crisis. We also observed that the main destinations of Korean exports were, of course, the main European economies like Germany, United Kingdom, the Netherlands, and Italy, most of the Western European bloc. But an honourable mention should be made also to countries like Czech Republic, Slovakia and specially Poland which, as we saw, after the joining of EU and the stipulation of the FTA, were able to build and develop relationships, not only commercial ones, with South Korea faster than anyone else in Europe, taking these relationships even beyond the commercial status (as for Poland).

This agreement also gave the possibility to Korea to have a fairer and cheaper market for agricultural products and livestock, increasing the number of products imported to Seoul and, at the same time, reducing the price of those products, due to the absence of duties and fees. This agreement was able to give to a country that has become rich and developed thanks to technology the most basic right of all: the possibility to have food at an affordable price without permitting to the common Korean citizens to spend a significant

share of their wages into American agricultural goods. This Agreement, in my opinion, was able to give the opportunity to Korea to have the right to have access to different kinds of food at an affordable price.

The success of this agreement is also the result of deep, long and fair negotiations. As we saw, the Americans modified several times the agreement with Korea because the agreement was made with rush, as a political rather than economical act, with the purpose of gaining votes for the 2008 elections. This rush led to a not fair agreement, which was modified other two times, making it not as strong as the European one, which has its foundation not only on the economic purpose of the trade without duties but also on the creation of a relationship that goes beyond the trading partnership but may also lead to an international cooperation. We were able to see the differences between those two agreements, the Korea-EU and the Korea-USA one, which may seem similar if analysed only on the surface, taking into consideration only the economic part, but that hide lots of differences, from the scope of the agreement to the reasons behind the stipulation.

We took into consideration also the future of the EU-KOR agreement, analysing first some geopolitical scenarios that might affect the structure of the FTA. It has been realised that both these scenarios are not going to affect drastically the agreement, being the first one out of scope of the agreement, causing some difficulties but not that many to endanger its structure. The second one has the ability to harm seriously the stability of the FTA, being more focused on the naval shipping route and the market of semiconductors, but it is unlikely that it happens, due to its geopolitical complexity.

All of these considerations have been speculated, due to the fact that we are not able to understand if they might happen or not in the future and how.

We managed to also analyse the future of the agreement taking into consideration joint initiatives among the parties that go even beyond the economic purpose.

We started from understanding briefly what other FTAs and RTAs European Union signed or negotiated during this period of time, in order to have a clear understanding of the European plan of “expanding” its own interests and how. It was clear that EU has a plan in mind that involves the creation of a commercial alliance that follows the busiest and used commercial road: the one through Suez Canal. As we saw, EU was able to stipulate,

or is negotiating right now, agreements with key countries to have “commercial basis” or “allies” through that route.

Obviously, the reasons behind that are not the ones of 1800s with Imperialism and Colonialism, but a mutual growth and mutual support and assistance in commercial trade and the establishment of a new commercial bond among the countries that sign those agreements with the EU. Those agreements are not only about commercial exchanges and money like the one stipulated by the US. In every FTAs or RTAs, there are clauses related to labour protection and environmental protection, issues that are important for EU and that EU insists on putting inside the agreements, in the new ones and in the old ones. Those clauses and initiatives are present also in the EU-KOR FTA and some of them involve research about new sources of energy that might seriously make a change in the world, making it a better place.

In fact, initiatives about new sources of green energies, data protection and investments are considered by both EU and South Korea, creating a network of cooperation in order to achieve the prefixed objectives of the Paris treaty or the Next Gen EU.

During this thesis we had the opportunity to observe the Korea- EU agreement in every phasis of its life: from the negotiations to the analysis of the import and the export, passing through the comparison with its “cousin”, the Korea- US treaty, with the analysis of the differences and the points they have in common.

It has been interesting to see how behind a document redacted by twenty-eight entities there is more than an economic agreement. This FTA contributes not only to the creation and the establishment of a well-organized flow of trade, but instead of a well-established cooperation and friendship among South Korea and all the European Union member states. Which is reflected not necessarily in the increase or decrease of import and export, but also in the joint project undergoing today and by the enormous number of tourists, exchange students and workers who decide to cross all the Asia to visit Europe or Korea. As said before in chapter 3, the difference between the American and the European FTA was not about the economic issue, but about the purpose, the reasons, why create an agreement, why connect each other. The American agreement was created only for the money, with all the repercussions that a purpose like that can bring, from two renegotiations in less than ten years to an act like the Inflation Reduction Act of 2022,

which aims at killing the market of electric cars produced outside the US, like the Korean car market.

What I found from the analysis of the last ten years of the Korea-EU FTA is that behind an agreement, like a free-trade one, goods are not the only things that are traded: investments, knowledge, partnerships, and cooperation also are and, looking at the current geopolitical, climatical, environmental and economic situation, Free Trade Agreements, Regional Trade Agreements and strategic alliances will be even more game-changing and fundamental in years to come, even between players that never interacted in the past, bringing new hope for development to African countries and the possibility to speak louder also to Asian and Latin American countries.

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