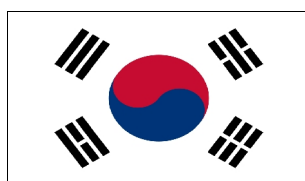


2014 IN-DEPTH ANALYSIS

# In the Republic of Korea (South Korea) Park Geun-hye's presidency records a strong start, despite domestic hurdles



## Abstract

Since assuming South Korea's presidency in early 2013, Park Geun-hye, daughter of the former President Park Chung-hee and winner of the 2012 elections, has followed a programme focusing on North Korea, economic reforms and welfare spending. While the first months of her government were marked by military and political tensions with North Korea, bilateral relations have since improved. Relations with China have also dramatically developed since the 2013 crisis with North Korea, although the Republic remains a strong ally of the US. President Park has engaged in an active phase of foreign diplomacy known as the Northeast Asia Peace and Cooperation Initiative (NAPCI).

Although the country relies greatly on external trade, South Korea's economy appeared largely resistant to the global economic crisis for several years. Recent indicators, however, suggest that growth is slowing. Economic performance was further dampened by the Sewol ferry disaster in April 2014, which deeply touched many South Koreans. A more recent, fatal accident in the city of Seongnam has reinforced fears about the country's outdated safety regulations.

In 2010, EU-South Korea bilateral relations were strengthened with a strategic partnership agreement, covering political, security and research cooperation, as well as the growing trade in goods and services. The Korea-EU Free Trade Agreement provisionally entered into force on 1 July 2011.

This paper is an initiative of the Policy Department, DG EXPO

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## 1 Key issues and developments

- The first year of the government of President Park Geun-hye, inaugurated in February 2013, was marked by an escalation of tensions with North Korea. The new North Korean leader, Kim Jong-un, continued his predecessors' space and nuclear programmes, launching an intercontinental rocket in December 2012 and testing a third nuclear bomb in February 2013.
- As a result, relations with North Korea – already strained during the presidency of Park's predecessor, Lee Myung-bak – dramatically worsened, and all contacts between the two countries were severed for months. Pyongyang threatened Seoul with complete destruction and closed the co-managed Kaesong industrial facility.
- The response by the South Korean government was both firm and flexible. Seoul made it clear that it would not accept threats to its security from the North, while President Park maintained the policy of 'trust' that distinguished between military negotiations and humanitarian and economic cooperation. After China placed pressure on Pyongyang, the North tempered its provocations and gradually normalised relations with the South.
- The crisis strengthened Seoul's relations with Washington. US President Barack Obama publicly endorsed Park's 'trust policy', reminding Beijing of China's interest in defusing the crisis.
- Serious domestic issues still face the South Korean government. Declining external trade – due principally to a drop in exports to the EU and, to a lesser extent, to the US – has negatively impacted industrial performance. In response, the government has implemented a tight fiscal policy and adopted a package of stimulus measures.
- A more transparent economic strategy focusing on small and medium-sized enterprises (SMEs) is replacing previous policies (see below), but has not been universally embraced by the country's *chaebols*, the large post-war conglomerates still largely controlled by the families that founded them.
- The new government is looking into improving social security (currently well below the OECD average) and reducing gender inequalities. Cutting household debt and improving youth employment are also priorities.
- The Sewol Ferry Disaster (April 2014), in which more than 300 people (mostly school children) died, deeply touched many South Koreans and dampened the country's economic performance. The Park government was harshly criticised for its lack of appropriate controls and the inefficiency of rescue operations.
- The EU's free trade agreement with Korea entered into force in 2011 and has apparently benefited the EU more than Korea. Exports to the Asian country grew by 24 % on an annual basis, while imports from Korea slightly decreased (-6 %) – although this is likely due to the EU's economic crisis.

## 2 European Parliament–Republic of Korea (ROK): Milestones

<b>1 June 2014</b>	Framework Agreement between EU and Republic of Korea enters into force after ratification by the Member States and consent given by the European Parliament.
<b>16 January 2014</b>	The 17 <sup>th</sup> EP-Republic of Korea inter-parliamentary meeting held in Strasbourg.
<b>8 November 2013</b>	The seventh summit between the European Union (EU) and the Republic of Korea (ROK) took place in Brussels.
<b>10 January 2013</b>	The 16 <sup>th</sup> EP-Republic of Korea inter-parliamentary meeting held in Brussels.
<b>17 December 2011</b>	The EP adopted a legislative resolution (465 votes for, 128 against, with 19 abstentions) consenting to the conclusion of the EU-Korea FTA. This was the first international agreement to which the EP consented since the entry into force of the Treaty of Lisbon.
<b>May 2011</b>	South Korea's National Assembly organised the second G20 Speakers' consultation
<b>2009-2010</b>	Full EP Delegation to South Korea in 2010, following the 2009 visit of the Bureau in 2009. Neither visit – which coincided with the aftermath of the Cheonan incident and North Korea's missile test, respectively – included a visit to the North.
<b>2004-2009</b>	The Delegation for relations with the Korean Peninsula created during the EP's sixth legislative term (2004-2009). The ROK was previously covered by one delegation also covering ASEAN, while the Democratic People's Republic of Korea (DPRK) was under the aegis of the Foreign Affairs Committee (AFET). Various meetings during the legislative term included: <ul style="list-style-type: none"><li>• February 2004: <i>ad hoc</i> AFET delegation met with DPRK representatives.</li><li>• July 2005: eighth EP-ROK inter-parliamentary meeting in Seoul.</li><li>• October-November 2006: ninth inter-parliamentary meeting, including visits to Seoul, Kaesong, Ulsan and Gyeongju.</li><li>• June 2007: 10<sup>th</sup> inter-parliamentary meeting in Strasbourg.</li><li>• October 2008: 11<sup>th</sup> inter-parliamentary meeting (Seoul, Daejeon and Pusan).</li></ul>
<b>11 December 2001</b>	Kim Dae Jung, President of Republic of Korea, addressed the plenary of the European Parliament in Strasbourg

## 3 Political situation in Republic of Korea

### 3.1 Overview

South Korea is considered a successful example of

South Korea is considered an example of successful development both on economic and political terms. Korea is now a high-income, industrialised country and, after an initial period of authoritarian regimes and military rule, it evolved into a full-fledged multi-party democracy.

both economic and political development.

The country has come generally to enjoy a high degree of political stability, despite the unresolved issue of reunification with North Korea. Some structural problems pervade South Korean politics, as the influence of regional loyalties remains prevalent, and parties are often dominated more by personalities than by political agendas. Moreover, politicians are widely perceived as corrupt, and the confrontational political culture inherited from the military regimes' era has not disappeared. Boycotts are common, and scuffles not rare. Governments, of whatever hue, try to ram bills through; the opposition does its utmost to stop them.

After decades of military rule, including several coups, the constitution of the Korean Sixth Republic, promulgated in 1987, allowed for significant political liberalisation, including greater freedom of the press and an increased the role of the country's National Assembly. The role of President, partly modelled on the US example (called an 'imperial presidency'), is still central to the South Korea's political life<sup>1</sup>.

Park Guen-hye is the new President of the Republic of Korea. She was elected in December 2012 with a relatively narrow margin and she was immediately confronted with a sudden deterioration of the always difficult relations with North Korea. Park's firm, tough, relative open to dialogue attitude vis-à-vis Pyongyang proved to be rather successful and after a few weeks of intense confrontation, tension between the two Koreas gradually defused. The new government has also engaged in a series of reforms that are supposed quickly address some distortions in the Korean society and economy (see below) and ensure that the recently gained wealth is more equitably distributed among the population.

### 3.2 Parliament

The Parliament is controlled by the Saenuri party, although Saenuri's majority is slim.

The most recent parliamentary elections took place on 11 April 2012. The turnout was relatively low, 54 % (down from 60 % in 2004 and 63 % in the 2007 presidential election), although higher than the turnout registered in the previous parliamentary elections, held in 2008: (+8.2 %)<sup>2</sup>. A total of 47 women were elected to the National Assembly, the highest figure since the foundation of the ROK.

Against all predictions, the ruling conservative party — whose full name, 'Saenuri-New Frontier', replaced its former name, 'Grand National Party', at the end of 2011 — was able to maintain control of the National Assembly with a narrow majority (currently four seats). The liberal Democratic Unity Party (DUP) boosted its presence from 89 to 127 seats, but missed the opportunity to gain control of the parliament. A second opposition party, the left-leaning Unified Progressive Party (UPP), increased its number of seats by

---

<sup>1</sup> The Korean President is inter alia the head of state and the commander-in-chief of the armed forces.

<sup>2</sup> for more details on the 2012 Parliamentary elections please refer to the DG Expo Policy Department Note entitled 'South Korea: winners and losers in a surprising election result' (19 April 2012)

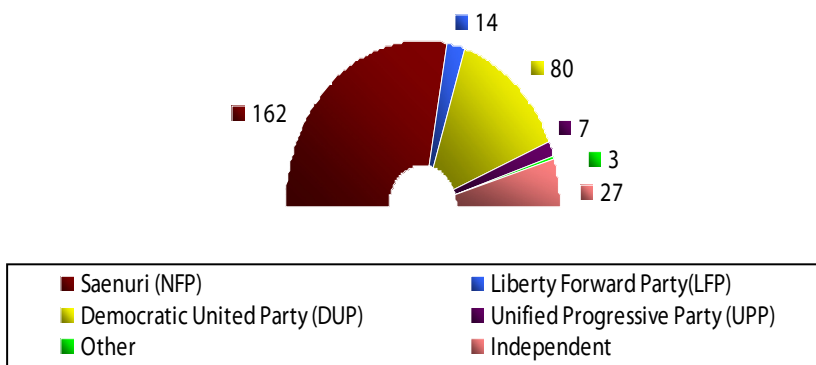
six while the other conservative party, the Liberty Forward Party (LFP) saw its presence in the parliament halved, losing 13 seats.

The most recent parliamentary by-elections took place on 30 July 2014. Despite the recent disaster and the public's dissatisfaction with the current ruling party, the Saenuri Party was able to win by a sweeping victory (currently 11 seats out of 15). The New Politics Alliance for Democracy Party (new party created by Democratic Unity Party and smaller partner [New Political Vision Party](#)) performed worse than expected; taking up 130 seats in total. A second opposition party, the left-leaning Unified Progressive Party (UPP), decreased its number of seats to 5 and the Justice Party (formerly named Progressive Justice Party) scored the same number of seats as the Unified Progressive Party from which it had split from.<sup>3</sup>

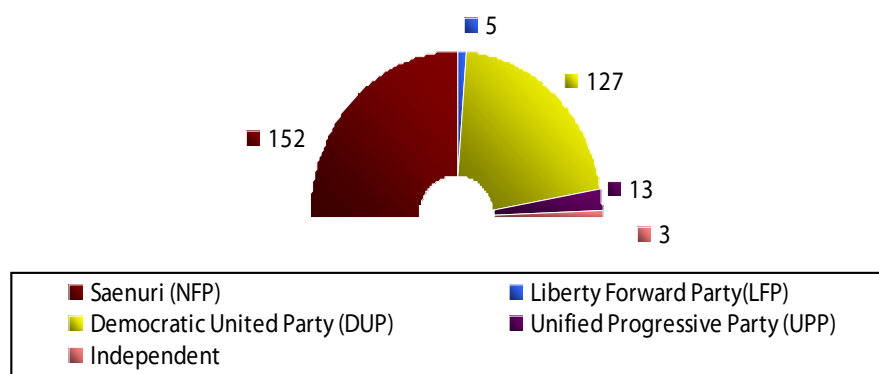
The Saenuri party permanently faces the real risk of losing its narrow majority in the parliament. Its currently tenuous control will likely result in an increase of 'horse-trading' and political brinkmanship during the current legislative term, especially as Saenuri is divided in numerous factions.<sup>4</sup>

Together with two independents, there are currently four political parties represented in the National Assembly

**Figure 1:**  
The 18th National Assembly  
(immediately preceding 2012 elections)



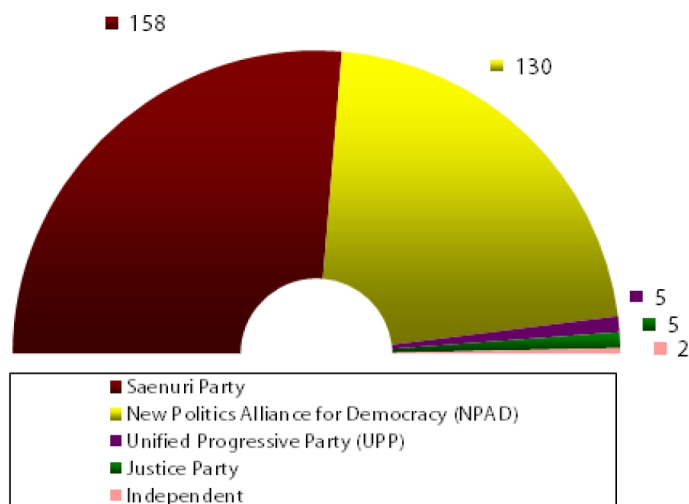
**Figure 2:**  
The 19th National Assembly  
(11 of April 2012)



<sup>3</sup> The Hankyoreh, 새누리 +2, 새정치 -1 (31 July 2014)

<sup>4</sup> The Economist, [The Saenuri Party retains control of parliament](#) (27 May 2012)

**Figure 3:**  
The 19th National Assembly after Parliamentary by- elections (30 of July 2014)



### 3.3 Presidential elections

The conservative candidate Park Geun-hye won the country's presidential elections in December 2012.

The conservative candidate Park Geun-hye emerged victorious from South Korea's tightly contested presidential election held on 19 December 2012. Park became South Korea's first-ever female president upon assuming office on 25 February 2013.

Park won 51.6 % of the vote, compared with Moon's 48 %. The electoral turnout of 78.6 % was the highest in 15 years, and Park became the first-ever presidential candidate to win an absolute majority of the vote since South Korea's transition to democracy in 1987.

Voting patterns confirmed a growing rift within South Korean society. The bulk of Park's support came, as predicted, from voters aged 50 and over, while voters in their 20s and 30s voted overwhelmingly for her rival, Moon. Park won in the majority of South Korea's provinces, with the only notable exceptions being the capital Seoul and the two traditionally liberal-leaning provinces of North and South Jeolla.

The two main candidates for the presidential seat hailed from the two parties that have stood at the helm of South Korean politics for the past 25 years. Having served five terms in the legislature, the 60-year-old Park Geun-hye, from the ruling right-wing Saenuri (New Frontier) Party, is a skilled political operator, famous for being the daughter of controversial military dictator Park Chung-hee (1961-79). Park did her utmost to distance herself from the deeply unpopular incumbent President, fellow party member Lee Myung-bak, and attacked him for 'failing to deliver on promises he made to the people'. Park also played upon her gender by emphasising the need for a 'motherly leader' in the build-up to the election. The opposition called Park's apologies to victims of her father's regime 'political theatre' and her attacks on President Lee 'disguised divorce'. Commentators also criticised Park's campaign for not reaching out to young or progressive voters, in spite of her earlier emphasis on 'national unity'.



### 3.4 Military forces on the Korean peninsula

The Korean war really never ended.

The Korean peninsula is one of the areas of the world that is most densely populated by the military (see *Figure 4 below*). North Korea controls a large army, and that of the South (the Republic of Korea's Armed Forces, or ROKAF) is heavily supplemented by the United States Forces Korea (USFK) stationed in the country.

In the case of the North / South conflict, a comparison of the military equipment of the air force, army and navy — platforms, weapons and support systems, as well as the C4ISTAR<sup>5</sup> systems — shows that the South has a significant, but not comprehensive and therefore not decisive, advantage<sup>6</sup>.

A further comparison of military personnel, their degree of readiness and training, and their command structure reveals that North faces significant challenges. While personnel in the North have ideological reliability, this may come at the cost of practical ability: the DPRK's emphasis on discipline, physical 'hardness' and ideological indoctrination generally impedes the transformation to modern, versatile and flexible armed forces. The defence plans of the North are also rather detailed and inflexible, with a focus on conventional, mountain and urban warfare. The air force lacks experience (flight hours) and may well be incapable of operating effectively in a situation that requires tactical skill. The North's navy, on the other hand, has been increasing the tempo of their exercises and improving their coordination and cooperation with other branches of the military, e.g. in amphibious operations<sup>7</sup>.

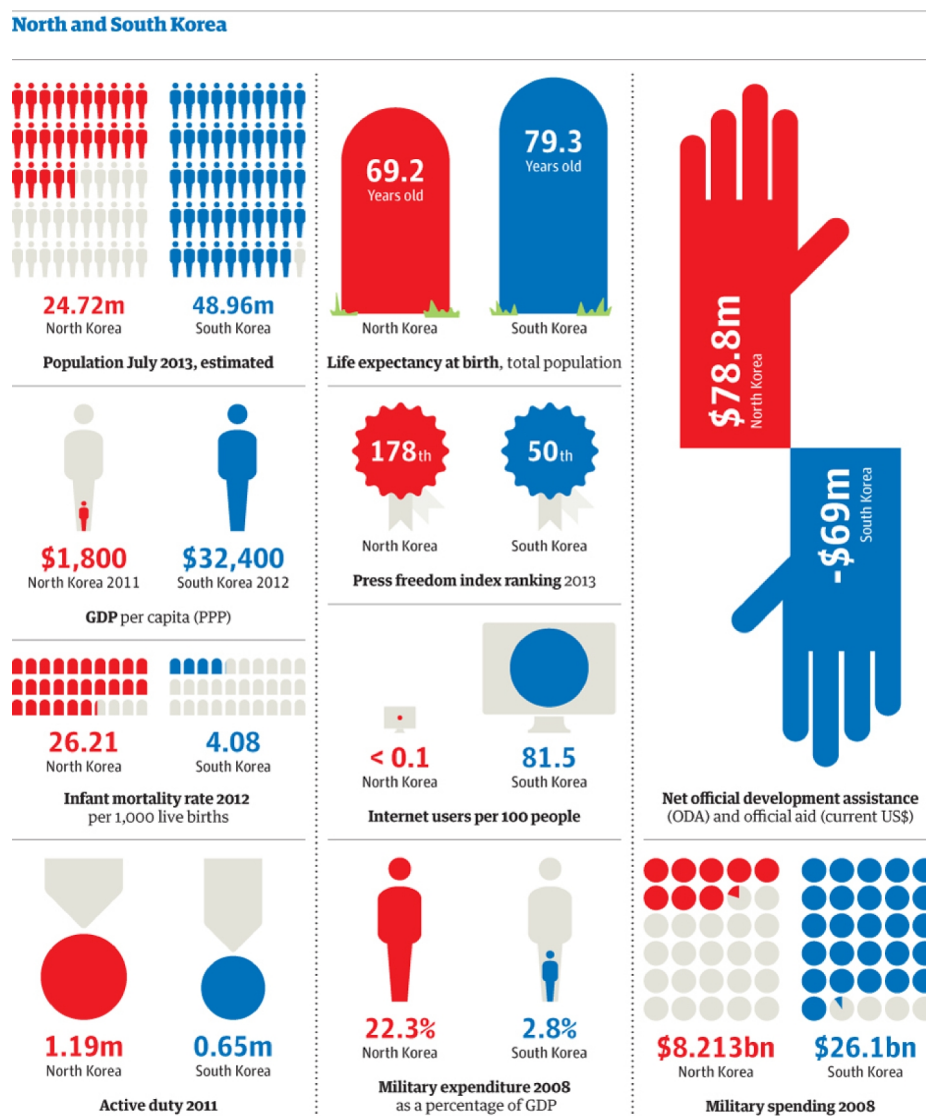
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<sup>5</sup> C4ISTAR: Command, control, communication, computer, intelligence, surveillance, target acquisition and reconnaissance

<sup>6</sup> IHS Jane's briefing " Conflict Scenarios for the Korean Peninsula ", 02 February 2012, not published

<sup>7</sup> IHS Jane's briefing " Conflict Scenarios for the Korean Peninsula ", 02 February 2012, not published

**Figure 4:**  
ROK, DPRK: Military capabilities and North Korea missile programme



SOURCE: CIA WORLDFACTBOOK, REPORTERS WITHOUT BORDERS, WORLD BANK, FOREIGN POLICY, IISS MILITARY BALANCE 2012

The South's forces have also enhanced their military readiness, particularly since the 2010 hostilities with North Korean (the North's sinking the corvette Cheonan and bombing of Yeonpyeong Island). The basic training of southern soldiers was extended from five to eight weeks, and officers now have to serve another 10 years after graduation from the military academy.<sup>8</sup>

Notwithstanding the progress made, South Korea would not yet be ready to act on its own in the case of a conventional conflict with the North, but would still require USFK support. However, the South continues to fill the gaps in its military preparedness. North Korea has, on the other hand, stagnated.

<sup>8</sup> *ibid.*

### 3.5 The Sewol ferry disaster and public safety concerns

On 16 April 2014, the Sewol Ferry on its way to Jeju Island capsized and sank. More than 300 people (mostly school children) died in the disaster. The sinking of the Sewol Ferry was not just one of the worst maritime disasters that hit South Korea; it also produced deep effects on the whole South Korean society and economy. As a result of the accident, public confidence in the executives dramatically dropped. Similarly the disaster severely impacted internal consumption and consumers' behaviour.<sup>9</sup>

The accident highlights some of the chronic societal, structural problems that still affect South Korea: insufficient labour and safety regulations, the government's continuous special treatment of Chaebols (South Korean conglomerates) and a sensationalist but often inaccurate media sector<sup>10</sup>.

First, almost two thirds (19 out of 33) of the crew members of the ferry including the captain and the first mate were irregular workers, and a senior member of the crew was given the job with only verbal agreement one day before the ferry departed. This fact led to the speculation that the irregular workers among the crew lacked proper training.<sup>11</sup> Added to the risk was the collusion between government officials and Chaebols, curbing oversight in adherence to safety regulations.<sup>12</sup> The media are considered to have exacerbated the problem with real time reports that were far from accurate, becoming a major hindrance to rescue operations.

The family of the deceased started hunger strikes, demanding the adoption of the 'Sewol Ferry Special Act', setting up of an independent commission of enquiry to look into the case.<sup>13</sup>

On the other hand, the Sewol disaster has demonstrated that South Korea is an open country, with an independent press and strong public opinion. Those same elements contributed to the public response to a recent incident in the city of Seongnam, when 16 people died after plunging down a collapsed ventilation grate. Again, country's safety regulations were called into question, and calls were made for structural changes to prevent such disasters from reoccurring. Some speculate that the Seongnam city accident will speed up the adoption of the 'Sewol Ferry Special Law'.

## 4 Foreign policy and international relations

Korea is carving out a

South Korea's external relations are dominated by the unresolved partition of the peninsula and the ensuing security threat from the North, as well as by its economic dependency on foreign trade for both commodities imports and

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<sup>9</sup> East Asia Forum, The Sewol ferry tragedy and its ongoing impact on South Korean society (4 September 2014)

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> The Washington Post, Grieving families of Sewol ferry victims want independent South Korean probe (5 August 2014)

growing role in world affairs.

manufacturing exports. As a result, the country has established a dense net of bilateral relations. Out of the 192 nations in the world — and excluding Taiwan and North Korea — there are only four with which South Korea has not established diplomatic relations: Cuba, Syria, the former Yugoslav Republic of Macedonia and Monaco. Seoul also participates in 94 international organisations, and prides itself on providing the current UN Secretary-General, Ban Ki-moon (elected by the UN General Assembly in 2006).

President Park also launched the idea of a North East Asia Peace and Cooperation Initiative that should bring together China, Japan and Korea (together with the US) in a cooperation process aiming at building confidence on non-political issues, such as environmental issues, disaster relief, nuclear safety and counter-terrorism.

The 'Northeast Asia peace and cooperation initiative' also known as 'Seoul process' is considered as a broader version of Park's 'Korean Peninsula trust process'.

#### 4.1 Inter-Korean relations

Inter-Korean relations are becoming less important to national politics.

North Korea and South Korea remain officially at war, never having signed a formal peace treaty to end the 1950-1953 Korean War. The war ended with a cease-fire between the DPRK and its ally China, on the one hand, and, on the other, the US-led multinational United Nations Command, which participated in the war in support of the ROK. As a result, the border between the North and the South is one of the most heavily fortified frontiers in the world. Most of North Korea's 1.1 million-strong army are positioned along the 250-km long demilitarised zone (DMZ), within easy striking distance of the South Korean capital, situated only 40 km away. Therefore, even if North Korea were unable to win a war against South Korea and the US army on the peninsula, it could cause serious damage to Seoul in the case of conflict.

In the late 1990s, after prolonged poor relations, the then-President of the ROK, Kim Dae-Jung (1998-2003), initiated a policy of constructive engagement with the DPRK, making conciliatory gestures, including economic incentives, in the hope of bringing North Korea to the negotiating table. This 'Sunshine Policy' resulted in a historic summit between President Kim Dae-Jung and DPRK leader Kim Jong-Il in June 2000, as well as family reunions and economic co-operation, including joint ventures in the Mount Kumgang tourist resort and the Kaesong Industrial zone. To many observers, this looked like the beginnings of an opening of North Korea along Chinese and Vietnamese lines.

North Korean provocations today have less impact on public opinion in the South than they once did.

Given the erratic nature of the DPRK leadership, however, none of these achievements proved as durable. The resort was confiscated by DPRK authorities and the future of the Kaesong Industrial Zone, legally a North Korean corporate body, is uncertain.

Inter-Korean relations deteriorated further in 2010, when the North Koreans sunk the South Korean ship 'Cheonan' in March, killing 46 sailors, and opened

fire against the island of Yeonpyeong in November, causing the death of four South Korean nationals. Both attacks occurred in the area south of the 1953 Armistice zone (the so-called 'North Limit Line') that is been claimed by Pyongyang.

The Cheonan incident had the effect of chilling bilateral relations. Seoul cut-off all cross-border economic exchanges, and, in response, Pyongyang severed all ties with Seoul.

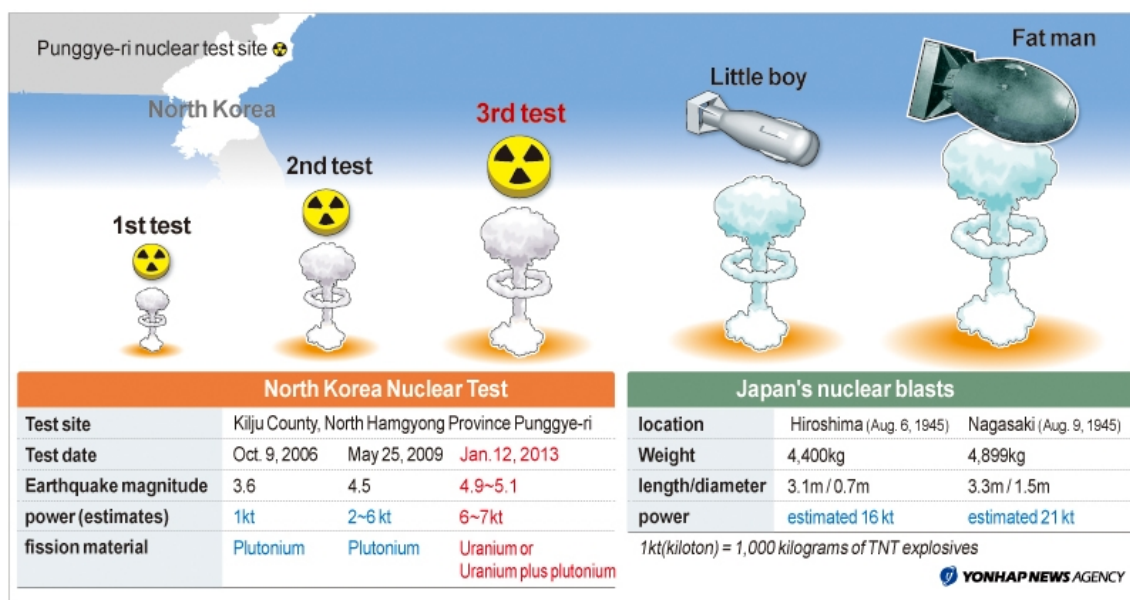
Despite some promising opening, the new North Korean Leader Kim Jong-un did not renounce the space and nuclear programmes initiated by his predecessors.

On 15 April 2012, the North attempted - and failed - to launch a satellite to mark the centenary of its founding leader, Kim Il-sung.

North Korea declared the 12 December 2012 launch of the unit - an Unha-3 launcher carrying a satellite - a success. The North American Aerospace Defence Command confirmed that an object had, in fact, achieved orbit. On 22 January 2013, the UN Security Council concluded that launch was a ballistic missile test and upon request of the United States and Japan unanimously imposed further sanctions on North Korea. The same happened in March after that Pyongyang tested its third nuclear bomb.<sup>14</sup>

On 12 February 2013, North Korean State media announced Pyongyang had successfully conducted an underground nuclear test, its third in seven years. Experts estimated the power of the bomb to around 6-7 kilotons.

## North Korea Nuclear Test Power Comparison



On 1 April 2013 the Supreme People's Assembly declared North Korea a

<sup>14</sup> UN Security Council Resolution [2087](#) of 22 January 2013 and UN Security Council Resolution [2094](#) of 7 March 2013

'nuclear weapon state' and proceeded to amend the constitution accordingly. Pyongyang also accused the United States of leading a 'unprecedented movement against north', declared the unilateral end of the 1953 armistice and openly threatened to attack Washington and its allies.

On 8 April 2013, the North Korean government decided to withdraw its workers from the Kaesong industrial complex and temporarily suspended operations, reserving the option to definitively close the site.

South Korea's reaction inspired by president Park's 'Trust policy' was less ideological and more pragmatic than the one pursued by her predecessor. With the aim of avoiding further escalation and possible blackmails, the new South Korean government made it clear at the time that it would immediately react to any further provocation from the North but remained open to dialogue. Seoul also sought support from the US and openly asked Beijing to help reducing tensions between the two Koreas.

The early 2013 crisis passed its peak in April-May 2013 and gradually defused. North Korea softened its tone and after a series of informal and official talks, it agreed to reopen the Kaesong Industrial zone and re-activate the so-called cross-border military "hot-line" with Seoul that was severed in March 2013.<sup>15</sup>

Beijing played a central role in securing the "normalisation" of relations between the two Koreas and convincing North Korea to put an end to its provocations. Pyongyang also realised that a protracted closing of the Kaesong Industrial zone may have become definitive with serious repercussions on the already clumsy economy of the North.

The decision by President Park to separate military issues from economic and humanitarian matters in its relations with Pyongyang also helped convincing the North Korean to reopen negotiations.

Pyongyang was forced to accept that its strategy did not produce the expected result, and decided to open another phase of dialogue aiming at achieving peacefully what it failed to secure by means of threats.

In any event despite its flamboyant rhetoric DPRK cannot survive without China's support and is not ready to stand in an armed conflict which would likely mark the end of the regime.

President Park's 'Trust policy' distinguishes between military negotiations and humanitarian and economic cooperation.

## 4.2 Relations with the US

Though not devoid of ambivalence, South Korea's alliance with the United States remains the cornerstone of its foreign policy. The presence of US troops in the area between the DMZ and Seoul guarantees the US would be involved in the first hours of any renewed inter-Korean conflict. Yet the US and South Korea have outlined quite different strategies on many occasions: while South Korea preferred engagement, especially from 1998 to 2007, the Administration of US President George W. Bush favoured containment and possible regime change. Including North Korea in his

The US is South Korea's main ally, but the US is not very popular in the ROK.

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<sup>15</sup> Oxford Analytica, Northern thaw gives Seoul leeway with Japan (6 September 2013).



famous 'Axis of Evil' speech of 2002, Bush upset many South Koreans, not just in the liberal camp. Following the sinking of the Cheonan, the transfer to the Koreans of operational control of joint forces (OpCon), originally scheduled for April 2012, was further postponed at Seoul's request.<sup>16</sup> Experts and government sources expect South Korea to retake it between 2020 and 2022.<sup>17</sup>

In addition, according to an anonymous senior Seoul government source, "The two sides have agreed to maintain the CFC in Yongsan (a district of Seoul), where it is currently located, until South Korea regains the operational control from the US."<sup>18</sup>

Economic relations are also close, as the US is both one of South Korea's most important export markets and a key source of inward foreign direct and portfolio investment. Yet support for closer economic ties is far from unanimous. This became clear in 2007, when the signature of the bilateral FTA (KORUS) and Korea's resumption of US beef imports (banned since the 2003 mad cow disease scare) set off fierce protests across Korea by those who considered the moves 'humiliating concessions' to the United States<sup>19</sup>. The FTA, which entered into force in March 2012, is expected to bring many new business opportunities, especially for South Korea's steel and automotive sectors<sup>20</sup>. Statistic data show that trade exchanges with the US have benefitted from trade liberalisation, but it is still too early to evaluate the overall effect of the agreement.

The much-awaited US-South Korea free trade agreement (KORUS) Agreement entered into force in March 2012.

The violent and sustained protests against the FTA and beef imports show that an underlying anti-US sentiment prevails across large parts of South Korean society. The recent military escalation with North Korea and a more careful approach to Korean affairs by the US seem to have at least partly defused the persistent anti-American sentiment in the country.

President Park political line vis-à-vis North Korea has been publicly endorsed by President Obama who stated that the 'trust policy' pursued by its Asian ally is 'very compatible with my approach'.<sup>21</sup>

The US Administration also appreciates Ms Park's strong commitment to reinforce the economic, political and military ties with the US and its unconditional endorsement of free-market principles.

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<sup>16</sup> Yonhap News, S. Korea-U.S. joint command to remain in Seoul until OPCON transfer: sources (4 September 2014).

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> During the electoral campaign for parliamentary elections, the DUP called for a stop to the implementation of the KORUS agreement unless several provisions of the deal were duly renegotiated. Construction of a naval base on the southern island of Jeju was also criticised by the DUP, alleging that the new military base was likely to be secretly used by the US Navy.

<sup>20</sup> Congressional Research Service, [The U.S.-South Korea Free Trade Agreement \(KORUS FTA\): Provisions and Implications](#) (30 November 2011)

<sup>21</sup> The New York Times, Obama backs South Korea President's policy on North (8 May 2013).

South Korea-US relations have also been recently strained by a series of disagreements regarding certain aspects of the US military presence in the Peninsula. Seoul refuses to increase its contribution to the USFK (United States Forces in Korea) - currently covering 40% of USFK's cost - and would instead like to gain operation control over the joint forces (OpCon) also in wartimes. Other potential disputes involve missile defence, weapons procurement and civilian use of nuclear energy by South Korea. These protracted disagreements that are not properly addressed may negatively impact the public attitude to the US and being perceived by North Koreans as a sign of weakness.<sup>22</sup>

### 4.3 Relations with China

China and the ROK are united by growing economic ties and a common interest in maintaining the status quo on the Korean Peninsula.

China has played a key role, supporting North Korea militarily in 1950-1953 and economically over recent decades, and South Korea's relations with its giant neighbour are in many ways more straightforward than with the US. For one thing, both countries share the historical experience of a brutal Japanese occupation. For another, since China gave up its 'one Korea policy' and established diplomatic relations with the South in 1992, economic and political ties have vastly developed.

China is South Korea's main investment destination and trade partner. In 2011, trade with China accounted for 16.4 % of total Korean imports and 26.1 % of exports (31.1 % including Hong Kong).

During the first ROK-China summit in Beijing in late May 2008, Lee Myung-bak and Hu Jintao agreed to upgrade Seoul-Beijing relations from a 'comprehensive cooperative partnership' to a 'strategic cooperative partnership'. Both parties also agreed to open the first high-level strategic dialogue between the foreign ministries of the two countries and to encourage exchange visits between ranking defence officials.

Meeting again in Seoul in late August 2008, the two leaders focused on boosting bilateral economic and commercial cooperation and on removing barriers to trade and investment. The ROK and China also associated Japan to the trade talks, resulting in the opening of negotiations for a comprehensive trade agreement among the three north-east Asian countries (*see below*).

Among potentially contentious issues that may affect otherwise good Sino-Korean relations are illegal fishing in South Korean territorial waters by Chinese fishing vessels and China's claim of a submerged rocky outcrop in an area that both China and South Korea claim to be part of their exclusive economic zones, and on which South Korea built an automatic maritime research station in 2003. Relations between Beijing and Seoul cooled for a few weeks in 2012 as a result of the forced repatriation of North Korean refugees by China. A solution was found<sup>23</sup>.

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<sup>22</sup> Oxford Analytica, Frictions ruffle South Korea-US military alliance (8 August 2013).

<sup>23</sup> Oxford Analytica, Refugee issue complicates China-South Korea relations (14 March 2012).



The ROK and China fear a sudden collapse of the DPRK

With regard to North Korea, both the Chinese and South Korean governments fear a sudden collapse of the DPRK regime, which might flood their countries with refugees. Seoul and Beijing therefore find themselves as pragmatic allies. Yet there are also fundamental divergences. The two countries disagree on the legitimacy of the North-South partition, and relations have been strained by Beijing's refusal to condemn the North for the Cheonan and Yeonpyeong incidents. The situation improved in early 2013, when China accepted to vote an UN resolution imposing further restrictions on trade with North Korea after Pyongyang proceeded with its third nuclear experiment. The Beijing's decision to suspend all banking deals with North Korea in an attempt to use financial leverage against the North Korean regime also pleased Seoul.<sup>24</sup>

Although Beijing was certainly more comfortable with the ROK Liberals' 'Sunshine policy', China appreciated the so far pragmatic approach followed by President Park. The new President, unlike her predecessor, does not exclude the reopening of talks with North Korea provided that some basic conditions are met and draws a clear distinction between nuclear and humanitarian issues. Moreover as an initiator and host to the Six Party Talks on a nuclear-free peninsula, China is in principle against the North Korean nuclear programme because it is inter alia likely to result in the strengthening of anti-missile defence in both ROK and Japan and may have negative repercussions on its own national defence. At the same time, to preserve the North's relative stability, China is likely to continue supporting Pyongyang, even though the two countries' interests and objectives have largely diverged over the last few years. In some respects, China has begun to consider North Korea more as a burden than a benefit. North Korea's unpredictable and sometimes belligerent military policy has proven problematic for China, which depends on domestic and regional stability for future economic development<sup>25</sup>.

President Park paid a visit to China in late June 2013 which was a clear success. Local press spoke about "Park fever" and Chinese public opinion was particularly pleased by Ms Park's knowledge of mandarin language. During the summit, South Korean and Chinese leaders agreed that the Korean peninsula should be denuclearized. They discussed also political and economic issues of common interest. It is still too early to evaluate the real impact of the Summit, but there is no doubt that ROK-PRC relations have significantly improved over time. This recent development has been seen with apprehension by North Korea, which is at risk of political isolation if it does not accept Beijing's leadership along with that of the US. In fact although the alliance with Korea is not currently at stake, improved

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<sup>24</sup> The Financial Times, China banks rein in support for North Korea (13 May 2013).

<sup>25</sup> DG Expo Policy Department, [North Korea: the critical succession of Kim Jong-il](#) (policy briefing 2012)

conditions of stability in the peninsula may convince Seoul to shift towards neutrality.<sup>26</sup>

President Xi Jinping visited South Korea in July 2014. This was the first time a Chinese president visited South Korea without having first visited North Korea. This was a clear signal to Pyongyang and the confirmation that bilateral relations between the two countries are better than ever. However this privileged partnership is not likely to pave the way for the Korean peninsula reunification unless South Korea renounces its historical alliance with the US. On the other hand, the visit may well pave the way to the conclusion of the ambitious China/ROK FTA whose negotiations are quite advanced.

#### 4.4 Relations with Japan

Trade relations between Japan and South Korea are good, but historical heritage prevents deeper political cooperation.

Bilateral relations between Japan and South Korea have not always been easy. They are traditionally marked by an underlying antagonism, mainly due to historical issues, including most prominently Japan's occupation of the peninsula from 1910 to 1945 and its failure to formally apologise (and offer compensation to the 'comfort women' who served as sexual slaves to Japan's military during World War II). The relationship continues to be tested by Japanese leaders' repeated visits to the controversial Yasukuni Shrine — a Japanese shrine dedicated to those who died fighting for the Emperor — and by the distortions of the two countries' shared history still included or omitted in Japanese textbooks.

In spite of hostility, relations have improved through growing trade and investment contacts. Diplomatic relations were established in 1962, but the issue of ethnic Koreans in Japan remains particularly sensitive. The two countries have also clashed over fishing rights and the exploitation of undersea mineral resources, as well as over the name of the Japan Sea, which the South Koreans want changed to 'East Sea'. Tensions have also often emerged about the Dokdo islands, most recently in April 2010. Originally uninhabited, these islets are now garrisoned by South Korea, but claimed by Japan under the name Takeshima.

Korea's Japanese-born former President Lee announced his intention to develop ROK-Japan relations into a mature partnership based on mutual respect and understanding. Lee specified he would not to seek an apology from Tokyo for issues connected to its 35-year colonisation. But the policy of 'appeasement' pursued by the government has not convinced the majority of Koreans.

Anti-Japanese sentiment remains, in fact, widespread in Korea. Following public opinion protests and strong parliamentary opposition, the Korean government decided not to sign a recently-agreed intelligence treaty with

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<sup>26</sup> Oxford Analytica, New China-South Korea warmth is more than skin-deep (3 July 2013).

Japan that would have allowed the two armed forces to share military information on developments concerning North Korea and other countries<sup>27</sup>. The agreement with Japan was largely inspired by similar ones that Seoul has signed with 24 other countries, including Russia.

Japan has been hit by the economic rise of South Korea, since the Koreans have grown strong in industrial sectors (such as automobiles and electronics) that are in direct competition with Japanese producers. Korea's successful conclusion of FTAs with both the EU and the US has placed Tokyo in a rather uncomfortable position. Japan cannot afford to lose a greater market share in third countries to its direct competitors, China and South Korea, but must obtain similar trade concessions if the country is to have any hope of remaining competitive<sup>28</sup>.

## 4.5 Other diplomatic initiatives

Seoul's international profile has been honed by international initiatives and its hosting of major events.

South Korea has evolved from being an aid recipient to a donor.

Over recent years, South Korea has successfully raised its international profile. Korea has participated in UN peacekeeping missions since 1993. Between 2003 and 2008, South Korea deployed the third-largest contingent — after the USA and Great Britain — of the multinational troops participating in the 'Iraqi Freedom' operation<sup>29</sup>. Seoul later dispatched some 350 troops to protect civilian aid workers in Afghanistan. In addition, more than 1 000 troops are currently allocated to UN peace-keeping missions.

South Korea hosted a successful G20 Summit in November 2010, as well as the ensuing G20 Speakers' Consultation in May 2011. The country also organised two other major international events: the High Level Forum on Aid Effectiveness<sup>30</sup> in December 2011 and the Nuclear Security Summit in March 2012<sup>31</sup>.

Since 2010, Seoul has been a member of the Development Assistance Committee, the OECD's exclusive club of donors<sup>32</sup>. This is an important position, as South Korea is the first country to have been transformed from aid recipient to donor. Korean expenditures for official development assistance (ODA) have increased by 65 %, from approximately USD 700 million to USD 1.2 billion (corresponding to 0.12 % of the country's GDP)

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<sup>27</sup> Oxford Analytice, Popular backlash sinks South Korea-Japan cooperation (4 July 2012).

<sup>28</sup> DG Expo Policy Department, [Trade and economic relations with Japan](#) (policy briefing 2011)

<sup>29</sup> German Institute for Global and Area Studies, South Korea as a Global Actor: International Contributions to Development and Security (2012)

<sup>30</sup> The Forum took place in the South Korean town Busan from 29 November to 1 December 2011. Over 2 000 government, civil society and business representatives from industrial as well as developing countries convened at the meeting to discuss the current global development assistance situation.

<sup>31</sup> At Nuclear Security Summit held in March 2012, over 50 heads of state and international organisations gathered in Seoul to discuss sensitive issues regarding global non-proliferation.

<sup>32</sup> DAC members' annual development assistance must exceed either USD100 million or 0.2 % of their GDP. South Korea spent USD 800 million in 2008 (0.09 % of GDP) and plans to increase this continuously, to reach 0.255 of GDP by 2015.

since 2008. Since the Global Recession in 2008 the country has struggled to meet its ODA goals. Nevertheless Seoul has promised to make their best efforts to meet the targeted 0.2% (of the country's GNI by year 2017.<sup>33</sup> Additionally, South Korea provides substantial funding for humanitarian help for North Korea.

## 5 Economy, social indicators and trade

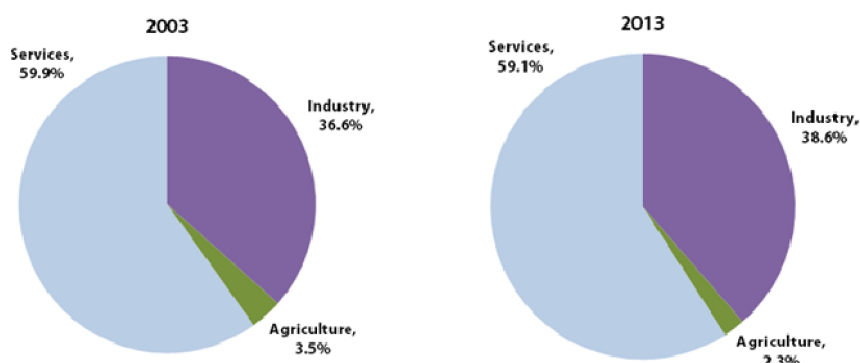
### 5.1 Economy and social indicators

The South Korean economy is strong but has suffered from the global economic slowdown.

South Korea has transformed itself in just 40 years from a poor agricultural economy to a member of the rich nations' club, the OECD. In that time, it has averaged growth of 8 % a year, establishing global brands in key industries, such as Hyundai in automobiles, Samsung in mobile phones and LG in electronics. South Korea suffered humiliation during the Asian financial crisis in 1997, finding itself forced to turn to the International Monetary Fund for a loan. But the ROK began necessary reforms, emerging stronger and returning to high levels of growth.

The manufacturing industry, led by the export-oriented automotive and consumer electronics sectors, remains a major driver of economic growth. Its share of GDP has stabilised at around 25 % since the late 1980s. Real value added by manufacturing, however, has been rising by a faster annual average than the real average annual growth rate for the economy as a whole. The service sector is also increasingly important, as evidenced by the rise in employment in the sector: between 1997 and 2007, the share of Korean employees working for the service sector rose from 66 % to 75 %, whereas that of manufacturing fell from 23 % to 17.5 %.

**Figure 5:**  
Economic sectors



Source: World Bank

South Korea is an export-oriented economy.

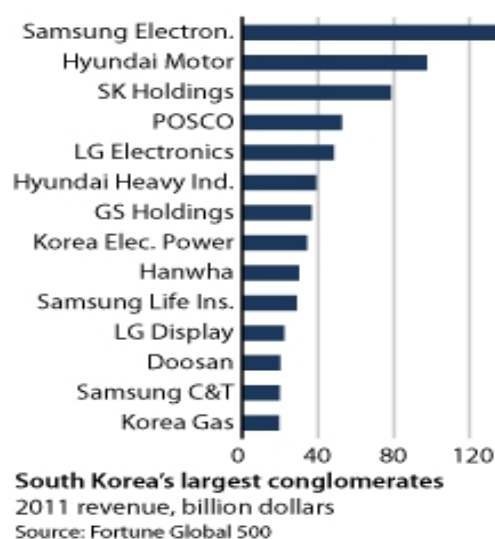
South Korea's economy remains heavily dependent on international trade. The value of merchandise exports is typically around 40 % of GDP, compared with 10 % of GDP in the early 1970s. The increase followed the export-oriented industrialisation drive initiated by then-President Park Chung-hee. This proportion compares with ratios of around 15 % for Japan and around 10 % for the US. Total foreign trade represents over 70 % of

<sup>33</sup> The Korea Herald, 정부, 국제 사회에 공언한 ODA 목표 달성 실패...2015년도 예산안, GNI 대비 0.2% 밀돌아 (18 September 2014).

Korean GDP, a percentage just behind that of Taiwan, but considerably higher than that of either Japan or the US.

The 1997 crisis led the country to reform, and the corporate landscape changed significantly, while retaining a two-tier structure: according to the OECD, SMEs account for over 99% of all firms, just under 90% of employment and around 50% of manufacturing output. SMEs are also thought to account for around one half of business investment. Yet despite this numerical advantage, SMEs are dominated in almost every sector of the economy by the large post-war conglomerates, the chaebols, which are still largely controlled by the families that founded them. This is particularly the case for exports, where the chaebols account for around 60% of the Korean total.<sup>34</sup>

**Figure 6:**  
South Korea's largest conglomerates



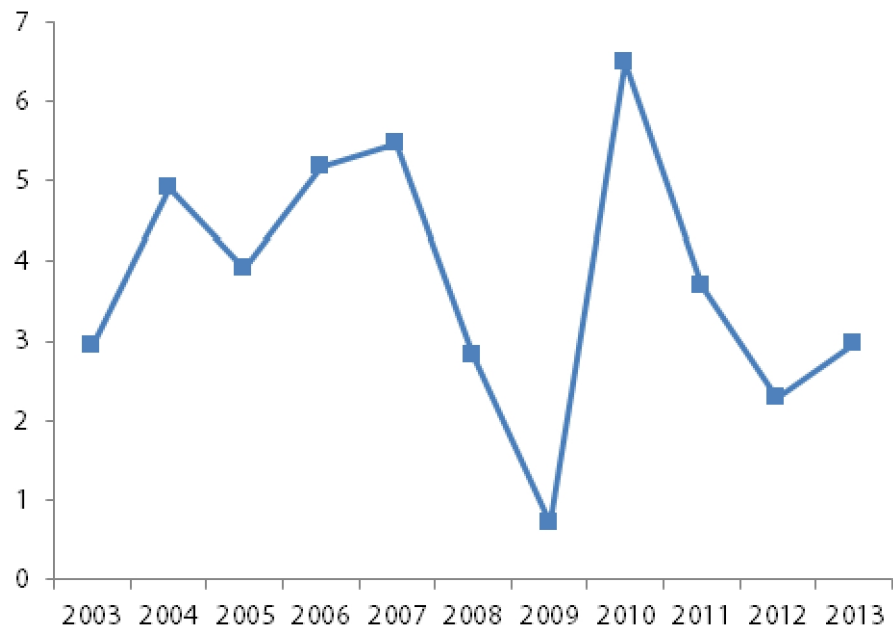
Former President Lee Myung-Bak's economic policy 'Republic of Korea 7.4.7' aimed to achieve an economic growth range of 7% for the next ten years and a per-head income level of USD 40 000<sup>35</sup>, and to make South Korea one of the world's seven largest economies. The global economic downturn prevented Seoul from meeting these far-reaching objectives. Korea has, however, shown remarkable resilience to the crisis. Despite the generalised decrease in the global demand, which inevitably impacted the country's export-oriented economy, real GDP growth reached 3.6% in 2011, after a remarkable rebound in 2010 (6.5%). It subsequently slowed down in 2012 (2.3%) and in 2013 (3.0%)%. For 2014 it is expected that growth will resume and reach 3.9%.<sup>36</sup>

<sup>34</sup> dongA, 경제지표 좋아진다는데, 우리집 가계부 사정은 언제쯤... (6 September 2014)

<sup>35</sup> It was about USD 30,000 in 2011.

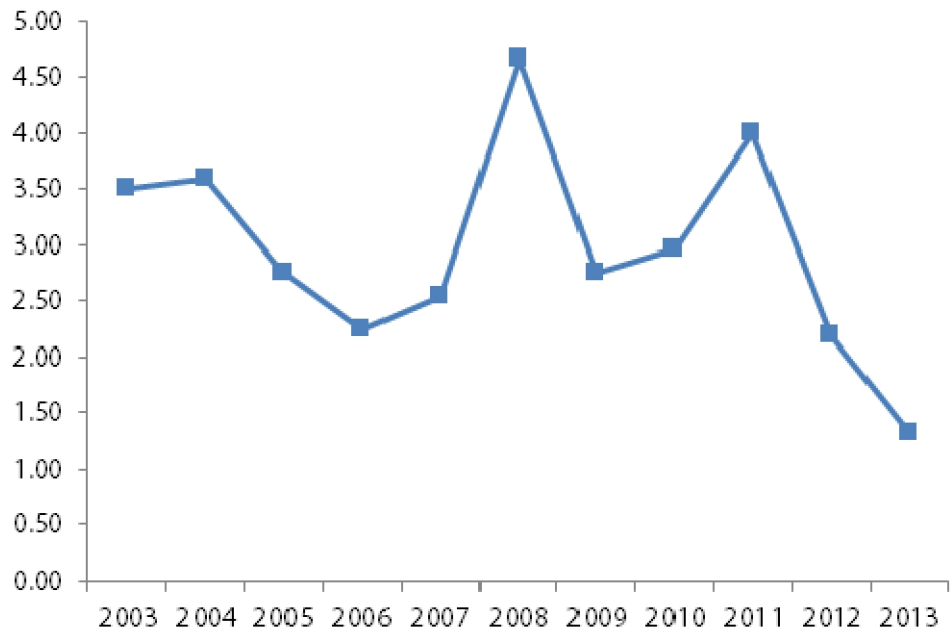
<sup>36</sup> The Bank of Korea, <http://www.bok.or.kr/eng/engMain.action>, accessed 9 September 2014.

**Figure 7:**  
Republic of Korea's GDP growth



Source: World Bank

**Figure 8:**  
Republic of Korea's inflation rates



For the coming years, private consumption will still play a major role in driving Korea's economic growth. Low inflation rates are likely to keep South Korea's interest rates at modest levels in 2013, thereby supporting this form of consumption. Demand for the country's exports will play a smaller role than in the past, due to the current global economic slowdown in general, and to the depressed demand for Korean goods in the EU and the US in particular. However, the relatively strong economic performance of emerging countries, including China — South Korea's biggest export market — is likely to ensure that trade in goods and services increases (estimated at 0.5 % on year-on-year basis).<sup>37</sup>

<sup>37</sup> Oxford Analytica, South Korea's fiscal stimulus targets quick results (6 May 2013).

## 5.2 International trade

Korea has one of the most extensive FTA networks in the world.

Korea has one of the most extensive free trade agreement (FTA) networks in the world and is increasingly expanding its trade and economic relations with third countries.

**Figure 9:**  
Status of FTAs as of  
October 2014

Implemented	Under negotiation	Under consideration
<a href="#">Chile FTA</a>	<a href="#">Japan FTA</a>	<a href="#">MERCOSUR TA</a>
<a href="#">Singapore FTA</a>	<a href="#">Mexico FTA</a>	<a href="#">Israel FTA</a>
<a href="#">EFTA FTA</a>	<a href="#">GCC FTA</a>	<a href="#">Central America FTA</a>
<a href="#">ASEAN FTA</a>	RCEP (Regional Comprehensive Economic Partnership)	<a href="#">Malaysia FTA</a>
<a href="#">India CEPA</a>	<a href="#">New Zealand FTA</a>	SACU FTA
<a href="#">Peru FTA</a>	<a href="#">China FTA</a>	Mongolia FTA
<a href="#">EU FTA</a>	<a href="#">Vietnam FTA</a>	Russia BEPA
<a href="#">US FTA</a>	<a href="#">Indonesia FTA</a>	
<a href="#">Turkey FTA</a>	<a href="#">China-Japan FTA</a>	
<a href="#">Colombia FTA (concluded)</a>		
<a href="#">Australia FTA (concluded)</a>		
<a href="#">Canada FTA (concluded)</a>		

Source: Korean Ministry for Economy and Trade  
Turkish Ministry of Economy  
Foreign Trade Information System, Organization of American States  
Australian Trade Commission  
Government of Canada

The ROK signed an FTA with the Association of South-East Asian Nations (ASEAN) in 2005. Although the deal commits both parties to abolishing most import tariffs by 2010, it also contains important exclusions on exports of rice and other farm goods to South Korea, which serve to appease Korean domestic interest groups. Largely as a result of these exclusions, Thailand has refused to participate in the deal.

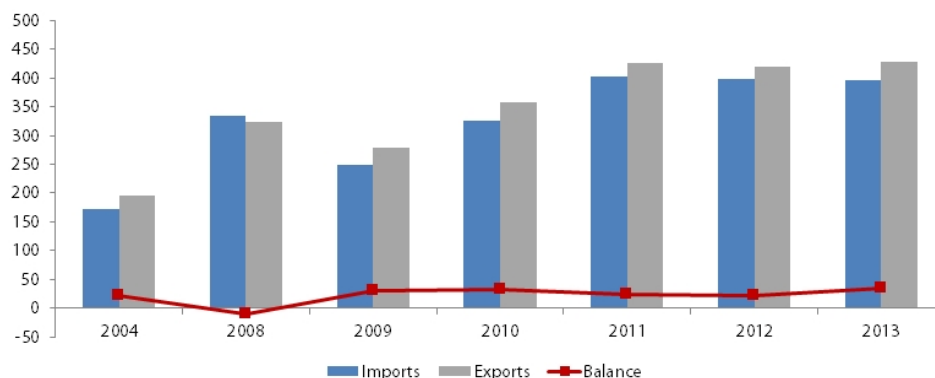
The US-Korea FTA (KORUS) finally entered into force on 15 March 2012 (see below).

On 13 May 2012, the Republic of Korea, China and Japan announced their intention to begin trade negotiations later this year. These discussions could pave the way to a north-east Asia FTA that could compete with the EU and NAFTA, the world's largest customs and economic unions. It is still unclear whether the new FTA will be inspired by the EU or the NAFTA models, but it is likely that the process of integration among the three leading Asian economies will continue some time before being completed.

At the same time, the three countries' leaders have announced the conclusion of an investment treaty that should make cross investments in the region easier and safer.

ROK's external trade grew manifold over the last 10 years and reached unprecedented levels in 2011. In the same period of reference the country traditionally enjoyed a trade surplus expect in 2008 where it was hit by the global slowdown of international exchanges.

**Figure 10:**  
Merchandise  
exports/imports  
(in EUR billion)



Source: World Bank (2004-2012), IMF (2013)

China and Japan are the biggest trading partners of Korea. The EU ranks second, just ahead the US

**Figure 11:** South Korea's top five trading partners, 2013

Origin of imports				Destination of exports				Trade partners			
#	Origin	€ million	%	#	Destination	€ million	%	#	Partner	€ million	balance
1	China	63,686	16.1	1	China	111,854	26.1	1	China	175,540	+48,168
2	Japan	46,031	11.6	2	United States	47,793	11.1	2	EU28	80,739	-5,503
3	EU28	43,121	10.9	3	EU28	37,618	8.8	3	United States	79,820	+15,766
4	United States	32,027	8.1	4	Japan	26,579	6.2	4	Japan	72,611	-19,452
5	Saudi Arabia	28,882	7.3	5	Hong Kong	21,284	5.0	5	Saudi Arabia	35,651	-22,116
<b>All imports:</b>		<b>395,357</b>		<b>All exports:</b>		<b>429,127</b>		<b>Balance of trade:</b>		<b>+33,770</b>	

Source: DG Trade, European Commission and the Ministry of Foreign Affairs, Republic of Korea

## 6 Relations between the European Union and the Republic of Korea

### 6.1 Political relations

The strengthening of democratic values and civil society in South Korea and the rapid development of its market economy have allowed close political and economic links to be formed with the EU. A 'Framework Agreement on Trade and Co-operation' was put in place in 2001 (currently up for renewal and expansion), providing for close contacts at all levels, up to the Ministerial



South Korea and the EU are developing strong political and economic relations.

Troika and Summit meetings. The Agreement commits the parties to developing trade and investment, and provides for collaboration in the fields of justice, home affairs, science and culture.

The new Framework Agreement, signed in May 2010, expands the scope to address a wide range of international concerns, including the non-proliferation of weapons of mass destruction, human rights, cooperation in the fight against terrorism, climate change, energy security and development assistance. The new FA has been ratified by EU Member States and after a consent given by the European Parliament entered into force on 1 June 2014.

Together with the Korea-EU Free Trade Agreement (*see below*), the new Framework Agreement elevates the bilateral relationship to a much higher level than before. Accordingly, at the EU-Korea Summit of October 2010, the relationship was officially upgraded to a strategic partnership, based on shared values, common issues of global concern and the increasing role of both partners at world stage.

The wide-ranging 2010 Framework Agreement and the 2011 free trade agreement (FTA) link the two partners.

Much progress has been made in recent years to stimulate science and technology exchanges with Korea (a country that spends over 3 % of its GDP on scientific research while the EU 27 average is about 2 %). Negotiations for a Science and Technology Agreement resulted in the conclusion of an agreement in November 2006. Korea also signed the Galileo agreement in Helsinki on 9 September 2006, during the EU-South Korea summit. Seoul participates in the multilateral ITER nuclear research project in Cadarache. Further agreements have recently been signed or updated in the fields of competition, civil aviation and customs.

## 6.2 Bilateral economic and trade relations

The EU-Korea FTA has benefitted the EU economy.

South Korea is one of the most important trading partners of the European Union. The country is the EU's 10th-largest trade partner, and the EU is currently South- Korea's third-largest export destination after China and Japan. The EU-Korea economic relations are governed by the recently negotiated FTA.

Negotiations for this EU-Korea FTA began in May 2007 and proceeded rather smoothly. South Korea was one of the priority targets included in the European Commission's 'Global Europe' communication (2006), which spelled out new guidelines for EU trade policy in the era of globalisation. Negotiations for the FTA were concluded in October 2009, and the Treaty provisionally entered into force in July 2011. The Commission considers the EU-Korea FTA the most ambitious trade deal ever negotiated by the EU, and the Agreement marks an important upgrading of EU-South Korea relations.

The EU-Korea FTA is a second-generation deal. Very comprehensive, it is intended to reduce and eliminate tariffs and other trade barriers in manufactured goods, agricultural products and services. The Treaty also includes regulation on sensitive trade-related issues, such as government procurement, intellectual property rights and geographical indications, labour rights and the environment —issues that were generally excluded in treaties negotiated by the EU in years past. The EU-Korea FTA aimed to

remove up to EUR 1.6 billion in customs duties, of which EUR 850 million was to be scrapped from the first day of its entry into force.

Although trade bilateral concessions granted by the treaty were rather balanced, the European Commission (EC) did not hide its intention to barter for advantages in the field of trade in services against, primarily, concessions on trade in goods (in particular concerning the automotive sector). The EU and South Korea business communities generally welcomed the treaty, with the notable exception of the EU Automotive Association (ACEA), which anticipated major losses as a result of the liberalisation of imports of small- and medium-sized cars from the Asian country.

The first years of implementation of the EU-South Korea FTA have been positive for the EU. According to the Commission, in the first two years of implementation, EU exports to South Korea increased by about 25 % compared to the reference period, whereas the Korean exports to the slightly decreased. As a result, in 2012 the EU trade deficit with Korea dramatically decreased and the EU even registered a significant trade surplus in 2013 (4.1 billion)<sup>38</sup>. While the increase of South Korean shipments to the EU was certainly hindered by the current economic crisis in Europe, the statistics demonstrate that the EU initially gained greater advantage from trade liberalisation than did Seoul.

The EC calculates that the duty saved by EU's exporters totalled EUR 350 million and that export of products that have been at least partially liberalised increased by around EUR 2 billion on a yearly basis.

Concerning the car sector, early statistics indicate that exports of EU cars to Korea have increased by around 70 % in value (EUR 840 million) and in volume (+33.000 vehicles). In turn, Korea increased its exports of cars to the EU by around EUR 660 million (+20 %). The levels are still lower than those registered in the pre-crisis period (2007). This increase was however achieved at the expenses of other foreign carmakers that had their shipments to the EU dropping by more than 15 % in the period of reference. It should finally be noted that most Hyundai and Kia cars sold in Europe are either produced in the EU or in third countries such as India (90 % and 60 % respectively). Korea recently increased its production facilities in Europe by opening two new factories able to produce up to 600 000 cars per year.

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<sup>38</sup> European Commission, [Korea Trade statistics](#) (2014) (25 February 2013)update

## ANNEX I: TABLE

People and geography			
<b>Population</b>	50 950 000	2012	Source: Korean government
<b>Capital city</b>	Seoul	10 200 000	Source: Korean government
<b>Other major cities</b>	Busan	3 500 000	
	Incheon	2 800 000	
	Daegu	2 500 000	
	Daejeon	1 500 000	
	Gwangju	1 500 000	
	Ulsan	1 100 000	
<b>Total land area</b>		99 720 km <sup>2</sup>	Source: CIA Factbook
<b>Religion</b>	Buddhists	22.0 %	Source:
	Protestants	17.6 %	Korean government,
	Catholics	10.5 %	2005 census
	Not practising	49.9 %	
<b>Ethnicity</b>	Koreans	99.9 %	Source: CIA Factbook
	Chinese	<0.1 %	
<b>Life expectancy at birth</b>	men	76.7	Source: CIA Factbook
	women	83.1	
Rankings			
Name of index:	Ranking:	Explanation and source:	
<b>Human development index</b>	'Very high' 15/ 187	United Nations Development Programme, 2014.	
<b>Press freedom</b>	57 / 180	Reporters Without Borders, The worldwide press freedom index, 2014	
<b>Freedom in the World</b>	'Free': political score: 2/7 civil score: 2/7	Freedom House, <i>Freedom in the world</i> , 2014. (1 represents the most free and 7 the least.)	

## ANNEX II: MAP OF THE KOREAN PENINSULA

Korean Peninsula

