

**Brussels, 28 February 2017**

## **Orgalime comments on the implementation of the EU-Korea Free Trade Agreement five years down the road**

### **1. INTRODUCTION**

Orgalime welcomes the Free Trade Agreement between the European Union and Korea, which entered into force in July 2011. Looking at the first five years following the implementation, the development of the bilateral trade in the engineering industries is very positive. Overall, European exports increased from 12 billion Euro in 2011 up to 14 billion Euro in 2015. In the same period of time Korean exports to the EU increased from 14 billion Euro up to 14.7 billion Euro.

### **2. NON-TARIFF BARRIERS**

However, the positive development of bilateral trade for the products of our industries is overshadowed by the implementation of new non-tariff barriers by Korea for engineering goods in spring 2013. Since then, several product groups have to go through a mandatory third party certification in Korea<sup>1</sup>. This new system, implemented by KOSHA (Korea Occupational Safety & Health Agency), is still not transparent and clear to foreign players and their partners in Korea. Therefore, it potentially prevents European companies from doing business with Korean customers, especially on a single contract basis, as the third party mandatory certification costs are high and the process is quite time-consuming. Therefore, the Korean customer might not get the product he desires.

### **3. CONCLUSIONS**

Currently, the EU and Korea are negotiating an update of the EU-Korea FTA. From the standpoint of the European engineering industries, this is a good opportunity to bring forward and solve the above-mentioned non-tariff barrier. Free flow of goods and reciprocal conditions in trade are essential for Europe and its market players. Therefore, the European engineering industry strongly encourages the European Commission to actively get involved and help to solve this hurdle to trade.

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<sup>1</sup> <http://english.kosha.or.kr/english/content.do?menuId=6127>

*Orgalime, the European Engineering Industries Association, speaks for 40 trade federations representing the mechanical, electrical, electronic, metalworking & metal articles industries of 24 European countries. The industry employs some 10.9 million people in the EU and in 2015 accounted for more than €1,900 billion of annual output. The industry accounts for over a quarter of manufacturing output and a third of the manufactured exports of the European Union.*