



Department for
International Trade

Continuing the United Kingdom's Trade Relationship with the Republic of Korea

**Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland
and the Republic of Korea**

September 2019



Continuing the United Kingdom's Trade Relationship with the Republic of Korea

Presented to Parliament

by the Secretary of State for International Trade

by Command of Her Majesty

September 2019



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Introduction

1. In line with the Government's commitment in the Trade Bill 2018-2019 this report explains the Government's approach to delivering continuity in the United Kingdom's ("UK") trade relationship with the Republic of Korea ("Korea") as the UK leaves the European Union ("EU").
2. As the UK leaves the EU, the Government has sought to deliver the maximum possible certainty to businesses and consumers through ensuring continuity in the UK's existing trade relationships. It is in no-one's interests to disrupt existing trade flows.
3. To achieve this, the Government has developed new bilateral agreements that replicate, as far as possible, the effects of the UK's existing trade agreements with existing partners. In the event of either a negotiated agreement or no agreement with the EU, the UK-Korea Free Trade Agreement is intended to take effect whenever the EU-Korea Agreement ceases to apply to the UK (or as soon as possible thereafter). In either event, the agreements will form the starting point for the UK's future trade agreements with partners.
4. Wherever possible, the Government has sought a technical replication of these agreements, but in some cases, it has applied bespoke solutions for individual agreements as necessary to ensure continuity of effect in a bilateral context.
5. In accordance with the commitments provided for in the Trade Bill 2017-18, this report gives details of, and explains the reasons for, any significant differences between:
 - a. The Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and the Republic of Korea ("UK-Korea Free Trade Agreement") and
 - b. The trade-related provisions of the existing free trade agreement between the European Union and the Republic of Korea ("EU-Korea Free Trade Agreement").
6. The report first sets out the general drafting changes necessary across all the UK's long form continuity trade agreements and which have no significant impact on the UK's current trade relationships. It then considers articles of the UK-Korea Free Trade Agreement, in turn explaining any significant differences between the trade-related provisions of the UK-Korea Free Trade Agreement and the corresponding provisions of the EU-Korea Free Trade Agreement. To assist the reader, we have included some discussion of the economic impacts as appropriate. This report focuses solely on the changes made to the trading arrangements between the UK and Korea in preparation for the UK ceasing to be bound by the EU-Korea Free Trade Agreement and entering into the UK-Korea Free Trade Agreement. Any wider economic impacts resulting from the UK's exit from the EU or the nature of the Future Economic Partnership (the "FEP") have been excluded from this report.
7. The UK has agreed with many third countries that the most appropriate and proportionate form of legal instrument to ensure continuity in the current circumstances is a short form agreement which incorporates by reference the relevant provisions of the underlying EU-third country agreement with relatively few but necessary modifications. However, the UK has simply chosen the form that the States involved agreed was the most pragmatic and sensible in the circumstances, taking into account the wishes of the partner country. Accordingly, some agreements have been drafted in long form to reflect these wishes. This agreement is a long form agreement.

Legal approach

8. To draft the UK-Korea Trade Agreement we have reproduced all relevant sections of the existing EU-Korea Free Trade Agreement with necessary technical and administrative changes to make this operable in a UK-only context.

Resources

9. This report is intended to aid businesses, consumers and parliamentarians in understanding any significant differences made to the UK's trade relationship with Korea, by the UK-Korea Free Trade Agreement and the reasons for any changes, and their impact.
10. Should you wish to view the EU-Korea Free Trade Agreement as originally published, it can be found online on the [European Commission's website](#).
11. More detail, including decisions of the Trade Committee established under the EU-Korea Free Trade Agreement, can be found on the [EUR-Lex website](#). A consolidated version of the EU-Korea Free Trade Agreement can also be found here. The consolidated text is not an authoritative version of the EU-Korea Free Trade Agreement but will assist readers to understand how the Agreement has been amended since its entry into force.
12. Should you wish to view the full text of the UK-Korea Free Trade Agreement, it will be laid in Parliament alongside an Explanatory Memorandum as part of the UK's treaty ratification process in accordance with the Constitutional Reform and Governance Act 2010. The text will also be available on GOV.UK.

Economic Background

Trade between the UK and Korea

13. This section provides a country-specific background analysis of trade between the UK and Korea.
14. Korea is the UK's 22nd largest trading partner,¹ accounting for 1.1% of total UK trade. Total trade in goods and services between the UK and Korea was £14.6 billion in 2018.²
15. In 2018, UK exports to Korea were £9.8 billion, making it the UK's 17th largest export market (accounting for 1.5% of all UK exports). UK imports from Korea were £4.8 billion, making it the UK's 25th largest import source (accounting for 0.7% of all UK imports).

Table 1: Trade between the UK and Korea, 2018 (£, billion)

	Trade in goods	Trade in services	Total trade
UK exports to Korea	6.3	3.4	9.8
UK imports from Korea	4.2	0.6	4.8
Total trade	10.5	4.1	14.6

Source: [ONS \(2019\), UK total trade: all countries, non-seasonally adjusted](#) (release date: 24th April 2019).

16. Using data from HMRC for trade in goods only, Table 2 shows the top goods exported to Korea were in mineral fuels or oils, products of their distillation (£1,962 million), machinery and mechanical appliances (£1,089 million) and vehicles other than railway or tramway stock (£1,004 million), representing over two-thirds of the total value of goods exported to Korea in 2018. The UK's top goods imported from Korea were largely in vehicles other than railway or tramway stock (£1,390 million) and machinery and mechanical appliances (£711 million) representing just over half of the total value of goods imported from Korea.

Table 2: Top 5 UK goods exports to & imports from Korea, 2018 (at HS2³, £ million)

Top 5 UK goods exports to Korea	Value	Top 5 UK goods imports from Korea	Value
Mineral fuels or oils, products of their distillation	1,962	Vehicles other than railway or tramway stock	1,390
Machinery and mechanical appliances	1,089	Machinery and mechanical appliances	711
Vehicles other than railway or tramway stock	1,004	Electrical machinery and equipment	331

¹ EU members are treated as individual trading partners with the UK.

² Source: [ONS \(2019\), UK total trade: all countries, non-seasonally adjusted](#).

³ The Harmonized System (HS) is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes.

Optical, photographic, cinematographic and medical equipment	242	Mineral fuels or oils, products of their distillation	222
Electrical machinery and equipment	232	Aircraft, spacecraft, and parts thereof	215

Source: [HMRC trade statistics by commodity code](#) (accessed April 2019). Sectors classified according to Harmonised System chapters. Data presented is recorded on a 'physical movement' basis where a good is recorded as an export (import) if it physically leaves (enters) the economic territory of a country.

17. Table 3 shows that other business services (comprising sectors including legal, accounting, management consulting, and others) was both the largest UK service exported to and imported from Korea, valued at £1,367 million and £193 million respectively. Travel services was next the largest UK service exported to Korea, valued at £1,129 million, and financial services following as the second largest service import with a value of £167.

Table 3: Top 5 UK services exports to & imports from Korea, 2018 (£ million)

Top 5 UK services exports to Korea	Value	Top 5 UK services imports from Korea	Value
Other business services	1,367	Other business services	193
Travel	1,129	Financial	167
Financial	250	Transportation	57
Transportation	235	Travel	54
Intellectual property	157		

Source: [ONS \(2019\), UK trade in services: service type by partner country, non-seasonally adjusted](#) (release date: 24th April 2019).

Note: Data for 'manufacturing services' (export), 'construction' (export and import), 'government' (export and import) (export), 'intellectual property' (import) and 'telecommunications, computer and information services' (import) have been omitted by the ONS as the data might be disclosive, but the values are included in the overall totals. Services data is always reported on a 'change of ownership' (Balance of Payments) basis.

ONS data is recorded on a 'Balance of Payments' or 'change of ownership' basis where a good or service leaving (entering) the economic territory of a country is recorded as an export (import) only if it has changed ownership between the resident of the reporting country and non-residents. Goods exports (imports) are recorded by HMRC if a good physically leaves (enters) the economic territory of a country.

UK businesses exporting to and importing from Korea

18. In 2017, HMRC estimated that 6,900 VAT registered UK businesses exported goods to and 5,400 imported goods from Korea.⁴ Around 60% were micro and small businesses, around

⁴ HMRC, (2018). [Trade in Goods by Business Characteristics 2017](#).

20% medium sized and 10% large.⁵ The majority of these were in the 'services' sector, where 3,700 businesses exported goods and 3,700 businesses imported goods.⁶ As these figures only include businesses trading in goods they are likely to underestimate the number of businesses trading with Korea.

19. For context, provisional survey data from the ONS⁷ shows that around 340,500 (non-financial) registered businesses in Great Britain traded either goods or services or both in 2017 with another country. This was just under 15% of all VAT/PAYE registered businesses. There were around 203,900 (non-financial) registered businesses in Great Britain engaged in goods trade with another country and 194,600 (non-financial) registered businesses trading in services in 2017. Some of these businesses traded in both goods and services. There will be other businesses trading internationally, which are not identified by these surveys as they are not registered for VAT. Neither of these sources include businesses trading below the VAT registration threshold.

Economic impact of the existing EU-Korea Free Trade Agreement

20. The EU-Korea Free Trade Agreement was provisionally applied from 1st July 2011 and came fully into force on 13th December 2015 following formal ratification. The staged liberalisation of tariff lines under the terms of the agreement will be completed in 2031.
21. In May 2010, the Department for Business Innovation and Skills (BIS) published an Impact Assessment which assessed the effects of an EU-Korea Free Trade Agreement on UK businesses, consumers and the wider economy.⁸ The impact assessment used analysis by Copenhagen Economics which estimated that an EU-Korea Free Trade agreement would lead to a UK annual welfare gain of around £0.5bn, corresponding to a 0.05% increase per year in real income.
22. Analysis has been undertaken for the EU commission which looks at the variation between expected and actual outcomes of the EU-Korea Free Trade agreement.⁹ Projections made in 2010 of trade flows by 2015 were broadly in line in terms of EU imports from Korea; a €40 billion (10%) increase of imports was expected and a €42.2 billion (16%) increase was observed. In terms of EU exports to Korea, 2015 observations exceeded projections; a €39.4 billion (22%) increase was expected whilst a €47.3 billion (47%) increase was observed.
23. A 2018 study on EU free trade agreements included the EU-Korea Free Trade Agreement in its analysis.¹⁰ This highlighted data showing that between 2010-2017 EU goods exports to Korea had increased by 77% and EU good imports from Korea increased by 27%. Between 2010 and 2017, EU agri-food exports to Korea have increased by 113% and EU imports from Korea by 212%. For services trade, between 2010-2016 exports increased by 70% and service imports increased by 38%. These trends are not specifically attributed to the agreement, but the study suggests, based on comparisons with trade growth with the world

⁵ In this analysis micro and small businesses are defined as having 0-49 employees, medium 50-249, and large over 250. Figures are rounded to the nearest 5%, therefore any remaining businesses are in the 'unknown' category for business size.

⁶ This data does not include services traded. Instead it refers to those businesses in the services industry that trade in goods.

⁷ ONS, (2018). [Annual Business Survey: Non-financial business economy, exporters and importers in Great Britain](#) 2017.

⁸ BIS. (2010). '[Impact Assessment of a Free Trade Agreement Between the European Union and Korea](#)'.

⁹ Forizs V and Nilsson L. (2016). '[Trade effects of the EU-Korea Free Trade Agreement: A comparative analysis of expected and observed outcomes](#)'.

¹⁰ European Commission. (2018). '[Individual reports and info sheets on Implementation of EU Free Trade Agreements](#)'. *European Commission*, pp. 1-267.

or with the EU's other FTA partners, that the growth rate in EU–Korea trade flows since the agreement came into effect was higher than it would otherwise have been.

Potential loss to UK if the proposed UK-Korea Free Trade Agreement is not ratified

24. Not being able to ratify the UK-Korea Free Trade Agreement would result in UK businesses losing the preferences negotiated in the EU-Korea Free Trade Agreement. This would include the re-imposition of many tariffs, returning to Most Favoured Nation (MFN) treatment with Korea. The benefits derived from trading under preferences within the Free Trade Agreement, such as increases in trade flows, may then be reversed.
25. It is unlikely that the entire effect of the agreement would disappear. Tariffs would revert to MFN rates, discussed in further detail below, but it could take longer for some of the other benefits to be lost. Some gains might endure even in the long run. For example, the UK might still benefit from any regulatory arrangements agreed because of the Free Trade Agreement. Business connections formed because of the Free Trade Agreement might endure.
26. In addition, the existing agreement has only been fully in force since December 2015, with implementation not fully complete until 2031. Therefore, it is unlikely that all the benefits will have been realised yet.
27. The size of the impact of not ratifying the proposed Free Trade Agreement would depend on the responsiveness of trade flows to increased costs brought about by the loss of provisions within the agreement.¹¹

Impact if not brought into effect

Impact of tariffs under current MFN rates¹²

28. Much international goods trade takes place in products for which MFN rates are already zero. However, free trade agreements provide additional opportunities by reducing tariffs in products where this is not the case. If the UK- Korea Free Trade Agreement was not approved and ratified, this would lead to an increase in duties on some UK exports to and imports from Korea.
29. To estimate the potential impact of losing tariff preferences if the UK- Korea Free Trade Agreement was not ratified, assumptions have to be made. If all current trade between the UK and Korea occurred at the negotiated preferential tariff rate and if current patterns of trade remained unchanged in future, reverting to the UK and Korea's current MFN tariff rates would result in an annual increase in total duties of up to £517 million. This would predominantly be

¹¹ Head K and Mayer T. (2014). ['Gravity Equations - Workhorse, toolkit and cookbook'](#). *Handbook of International Economics*, 4, pp. 131-195.

Dhingra S, et al. (2018). ['Beyond Tariff Reductions: What Extra Boost From Trade Agreement Provisions?'](#). *CEP Discussion Paper No 1532*, LSE, pp. 1-38.

¹² Tariff schedules used in this impact assessment are the applied tariff rates, not bound tariff rates.

duties on exports to Korea of up to around £325 million, with duties on UK imports increasing by up to around £192 million.¹³

30. However, these estimates assume that all tariff preferences offered under the current agreement are fully utilised by exporters. This is unlikely to be true. For example, in 2016, the evidence suggests that 62% of the UK's eligible goods exports to Korea (defined as those which occurred under tariff lines where a preferential rate was offered under the agreement) actually utilised the tariff preferences.¹⁴ DIT estimates suggest that 87% of the UK's eligible goods imports from Korea in 2016 were imported utilising the preferences under the agreement.¹⁵ This means that the actual increase in duties could be lower than the estimates above.
31. The total duty which would in fact be charged on exports and imports would depend on how quantities and prices of traded products adjusted to the imposition of tariffs. If UK producers were not previously utilising the preferential rates or producers and consumers changed their behaviour in response to higher tariffs, this cost would be lower than estimated above. These are strong assumptions, so this figure should be treated as an indicative estimate of the magnitude of the trade barrier under this scenario.
32. The indicative estimates show that the largest implied increases in UK duties on exports would be on vehicles other than railway or tramway stock (HS87) of up to £80 million, mineral fuels or oils, products of their distillation (HS27) up to £59 million and machinery and mechanical appliances (HS84) up to £56 million. These correspond to the top UK goods exported to Korea. On the imports side, the largest implied increases in duties would be in vehicles other than railway or tramway stock (HS87) of up to £128 million. Vehicles other than railway or tramway stock (HS87) comprise the top goods import (in terms of value) from Korea. The remaining product groupings all have import duty increases of less than £15 million.
33. Indicative estimates of implied additional tariff duties are provided above to give a sense of scale of possible additional costs of trade. Tariff duties are transfers, where the cost to business is equal to the extra tariff revenue collected by the UK Exchequer and the Korean government which could collect more tariff revenue. However, depending on businesses' response to the change in duties, there could be wider effects of increased costs of trade, including negative impacts on consumer choice, prices, and ultimately economic growth and welfare. Estimates of implied additional duties therefore do not constitute an estimate of the impact.

¹³ DIT's own calculations using tariff data from [ITC Market Access Map \(MacMap\)](#) and [HMRC trade statistics](#) (accessed February 2019). Implied additional duties are calculated using the difference in MFN and preferential tariff rates and the 2018 value of trade for each product at HS6 level. Different approaches and data sources for this analysis are likely to yield different results. The estimate of implied additional duties may be different to which would be generated if trade and tariff data at a more disaggregated level (CN8 level) were used.

¹⁴ Nilsson L and Preillon N. (2018). '[EU Exports, Preferences Utilisation and Duty Savings by Member State, Sector and Partner Country](#)'. *European Commission*, pp. 1-17. This report uses data collected by EU Delegations from relevant authorities in countries with which the EU has bilateral reciprocal trade agreements in place.

¹⁵ DIT's own calculations using data from [Eurostat](#) (accessed 19th November 2018). Note that using a single year does not account for fluctuating trends in bilateral trade flows, which can be significant. In general, data on the preference utilisation of trade deals is not readily accessible and should be treated with caution. They indicate whether businesses trading in goods are benefitting from negotiated preferences, but do not tell us which or how many businesses are using these preferences. Nor do they cover services trade.

Businesses

34. Additional duties could be absorbed by either UK or Korean businesses (depending on whether it is the importer or exporter paying the duty), passed on to consumers, or existing trade patterns could be interrupted. This could impact UK competitiveness, leading to disruptions in supply chains and job losses in the short term.
35. Businesses that rely on imports as part of their supply chains may be affected if import prices rise, including UK exporters that rely on Korean inputs to export goods to the rest of the world. In 2015 (latest data), around 15.1% of the value added in UK's gross exports reflected imports from abroad, including 0.2% from Korea.¹⁶ UK companies which rely on Korean imports would become less competitive.

Consumers

36. Imported products could be more expensive for consumers if retailers pass on additional duties to consumers through increases in domestic prices. This could disproportionately affect certain groups of consumers, for example those at the lower end of the income distribution, depending on the specific sectors affected. Consumers might also see a reduction in choice of products and services available.

Longer-term economic impact if not brought into effect

37. In the long run, the UK would forgo the longer-term benefits that the EU-Korea Free Trade Agreement would have brought to UK. This could result in the long-term UK GDP marginally decreasing if a deal is not brought into force.

¹⁶ OECD, 2018. [Trade in Value Added database: Origin of Value Added in Gross Exports 2018](#). Experimental statistics.

Explanation of this Agreement, including Significant Differences between the UK-Korea Free Trade Agreement and the EU-Korea Free Trade Agreement

38. This section provides a discussion of changes in the Free Trade Agreement with Korea.

Institutional, General and Final Provisions

Removal and replacement of references to the EU

39. Where necessary, references to the “European Union”, “the European Community”, the “EU” “EU Party”, and “Member States” are replaced by the “United Kingdom”. Similarly, references to EU institutions have been replaced with appropriate references to the equivalent institutions in the UK.

Territorial Application

40. Territorial application provisions in a treaty set out the territory to which the treaty applies and how it applies to them. In the EU-Korea Free Trade Agreement, the relevant provisions define the territorial application of the Agreement by reference to the EU Treaties and EU legislation. The UK-Korea Free Trade Agreement amends Article 15.15 and clarifies that the Agreement applies to the UK and the territories for whose international relations it is responsible in the same way as the EU-Korea Free Trade Agreement did. The Territorial Application provision also includes a footnote that excludes the Sovereign Base Areas of Akrotiri and Dhekelia in the Republic of Cyprus from the scope of the Agreement.
41. The territories, other than UK itself, to which the UK-Korea Free Trade Agreement applies can be separated into categories based upon the application of the EU Treaty under EU law to date. These categories of territory, are:
- i. The Crown Dependencies (Isle of Man, Jersey, Guernsey), to which, broadly, provisions relating to tariffs and trade in goods apply; and
 - ii. Gibraltar, to which, broadly, provisions not relating to goods or customs apply.

Continuation of Time Periods

42. Certain provisions of the EU-Korea Free Trade Agreement provide for a transitional period, requiring a party to complete an action within a certain timeframe, but which may not yet have been fulfilled under the conditions of the Agreement. These periods have been amended in the UK-Korea Trade Agreement so that the Agreement reflects the remaining time in which the obligation must be fulfilled, including removing reference to them when they have been fulfilled.

Institutions and Committees

43. Most of the institutional provisions and bodies provided for in the EU-Korea Free Trade Agreement are incorporated and retained, although some modifications have been made to the composition and function of these bodies to ensure they are operable in a bilateral context. For example, the UK representative for the Trade Committee is now “a Secretary of State for International Trade of the United Kingdom”, replacing the “Member of the European Commission responsible for Trade”.
44. Article 15.2 of the UK- Korea Free Trade Agreement removes reference to the Joint Customs Cooperation Committee established under the Customs Agreement between the EU and Korea. This is because the Customs Agreement between the EU and Korea will not apply to the UK when the UK leaves the EU and the EU-Korea Free Trade Agreement ceases to apply to the UK.

Amendment Clauses and subsequent negotiations

45. Amendment clauses set out the process that must be followed if the parties agree to amend the provisions of the agreement after it enters into force. Though parties to an agreement are generally free to amend it as they deem necessary, amendment clauses serve to make the process clearer and more transparent.
46. Amendment provisions vary from agreement to agreement. Pursuant to the principle of continuity, the UK-Korea Free Trade Agreement retains the amendment provisions from the EU-Korea Free Trade Agreement which set out the process that must be followed if the Parties wish to make amendments. Amendments agreed by the Parties under Article 15.5.1, in the UK, are subject to the Parliamentary scrutiny procedures set out in section 20 of the Constitutional Reform and Governance Act 2010 (“CRaG”). Article 15.5.2 enables the Trade Committee to decide to amend the Annexes, Appendices, Protocols and Notes to this Agreement, subject to the internal legal requirements and procedures of each Party. Such decisions of the Trade Committee are binding on the Parties and are not, in the UK, subject to the Parliamentary scrutiny procedures in CRaG.

Entry into Force and Provisional Application

47. Entry into force provisions specify the date from which the terms of the agreement will bind the parties. Existing entry into force provisions have been replaced with new provisions to ensure that, whatever the scenario in which the EU-Korea Free Trade Agreement ceases to apply to the UK, the UK-Korea Free Trade Agreement enters into force as swiftly as possible. For the UK-Korea Free Trade Agreement to enter into force, the Parties must have first notified each other that they have completed their domestic procedures. In UK domestic law, before an agreement subject to notification may be formally ratified, it must be laid before Parliament for scrutiny under CRaG.
48. Provisional application is a mechanism which allows an agreement to be applied prior to its entry into force. This means that the treaty can be provisionally applied prior to completion of the procedures required by the domestic law of the respective negotiating States for its entry into force, provided any necessary domestic implementing measures are in place. Where the negotiating States have agreed that a continuity agreement may be provisionally applied from the date the underlying EU agreement ceases to apply to the UK, the treaty may be operated provisionally from that date, if this becomes necessary. In the UK, this would mean that the UK-Korea Free Trade Agreement could be applied while the procedures under the CRaG Act are being completed. A number of the existing EU agreements provide for provisional application and were provisionally applied by the UK as an EU Member State.
49. Article 15.10 provides that the UK-Korea Free Trade Agreement shall enter into force when the EU-Korea Free Trade Agreement ceases to apply to the United Kingdom, provided that the Parties have notified each other that they have completed their domestic procedures by that date. Otherwise, the UK-Korea Free Trade Agreement shall enter into force on such date as the Parties may agree. Article 15.10.5(b) of the EU-Korea Free Trade Agreement, which provides for the partial provisional application of that agreement, has been removed in the UK-Korea Free Trade Agreement. Removing this provision accounts for the particular needs of the Korean system and means that the UK-Korea Free Trade Agreement can only be provisionally applied in full, rather than only in part.
50. Article 2.15bis has been introduced in order to address one specific contingency: a situation in which Korea is unable to complete its National Assembly procedures by the time that the EU-Korea Free Trade Agreement ceases to apply to the UK. In this situation, Korea’s legal system will not permit provisional application of the UK-Korea Free Trade Agreement and a

non-binding, temporary bridging mechanism would be required in order to secure continuity. Neither Korea nor the UK intends for this situation to occur or for this contingency to be needed. During any bridging period, Korea could only offer definitive preferential tariffs to UK goods if the UK-Korea Free Trade Agreement retroactively requires it to do so. Article 2.15bis will, however, have no effect if the UK-Korea Free Trade Agreement enters into force, or is provisionally applied, when the EU-Korea Free Trade Agreement ceases to apply.

51. The UK and Korea are in discussion concerning the nature of the temporary bridging mechanism, in case such a mechanism is required. However, the Parties share the intention that it will apply for the shortest possible period, that it will not be legally binding, and that it will provide for preferential treatment concerning the full range of goods, services and other matters covered the UK-Korea Free Trade Agreement insofar as possible. In the event that it is necessary for the UK and Korea to agree a temporary bridging mechanism, the text setting out that mechanism will be shared with the relevant Parliamentary committees in advance of signature. Further, any legislation required in order to implement the temporary bridging mechanism (including, in particular, a statutory instrument to set preferential tariffs for Korean goods under the Taxation (Cross-border Trade) Act 2018) will be made before the bridging mechanism is applied. Therefore, it will not be necessary for the UK to make retrospective legislation on tariffs to implement Article 2.15bis.

Trade Remedies and Dispute Settlement

52. Trade remedies provide a safety net for domestic industry against unfair or injurious trading practices caused by dumped, subsidised or unexpected surges of imports of goods. Most World Trade Organisation (“WTO”) members have a trade remedies regime. The UK will operate its own regime once outside the EU.
53. The economic benefits of a Free Trade Agreement can only be realised if they are faithfully implemented and complied with. A dispute settlement mechanism in a Free Trade Agreement signals the parties’ intention to abide by the agreement, thereby increasing business and stakeholder confidence that commitments set out in the agreement can, and will, be upheld. The dispute settlement mechanism therefore provides an important deterrent function. It also provides an effective mechanism for enforcing those commitments, and for resolving any disputes arising.
54. The UK-Korea Free Trade Agreement replicates the effects of the trade remedies and dispute settlement provisions in the EU-Korea Free Trade Agreement.
55. One of the impacts of transitioning the dispute settlement chapters in the existing EU trade agreements is that, in the event that a dispute arises, the UK will be directly responsible for any relevant costs associated with the dispute settlement process.

EU-Korea Framework Agreement

56. The EU-Korea Free Trade Agreement is an integral part of the overall bilateral relations between the EU and Korea as governed by the EU-Korea Framework Agreement. Article 15.14 of the EU- Korea Free Trade Agreement, which relates to the relationship between the EU-Korea Trade Agreement and any agreements between the Republic of Korea and EU member states (including the EU- Korea Framework Agreement) has been amended in the UK-Korea Free Trade Agreement as this provision is no longer relevant in the bilateral context. References to the EU-Korea Framework Agreement have been removed in the UK-Korea Free Trade Agreement as it will cease to apply to the UK when the UK leaves the EU.

57. The EU-Korea Framework Agreement covers human rights, cooperation to counter the proliferation of Weapons of Mass Destruction, international law enforcement, sustainable development and contained suspensive clauses for the EU-Korea Free Trade Agreement in the event that Parties failed to meet their obligations in these areas. To confirm continued bilateral relations in these areas when the EU-Korea Framework Agreement ceases to apply to the UK, the UK and Korea have agreed a joint statement on shared values, ever growing partnership. The statement was announced by HMA Seoul and the 1st Vice-Minister of the Korean Ministry of Foreign Affairs on 21 August. The text of statement is attached for information at Annex A and is available publicly on [gov.uk](https://www.gov.uk).

References to legislation

58. The EU-Korea Free Trade Agreement contains references to EU legislation, this legislation will cease to apply when the UK exits the EU. To maintain the effects of the EU-Korea Free Trade Agreement we have added Article 1.3 (“References to Legislation”) to the UK-Korea Free Trade Agreement. This establishes that any references to EU legislation in the UK-Korea Free Trade Agreement are to be read as references to that EU legislation as incorporated or implemented in UK law. It also ensures that references to Korean legislation are treated as references to that legislation as amended or replaced when the Agreement enters into force. In some instances, for the sake of clarity or because the relevant EU law is not being retained in UK law, specific replacements or deletions have been made.

59. Article 1.3 contains a provision to ensure that any such amendments or replacements do not reduce market access or increase barriers to trade.

Review clause

60. The UK-Korea Free Trade Agreement adds an additional provision, Article 15.5bis, this establishes that both Korea and the UK will commence a subsequent negotiation to build on this agreement no later than two years following the date of entry into force of this agreement. The UK and Korea shall endeavour to conclude this subsequent negotiation within four years of entry into force of this agreement.

Other Chapters, Annexes, Protocols and Appendices

Goods

61. Goods chapters in trade agreements set out the treatment and the level of access to the domestic market granted to goods of the respective parties. Such provisions include setting tariff levels and quotas on various products, establishing agricultural safeguards and determining the rules of origin for goods to qualify for preferential treatment. Commitments on tariffs for both the UK and Korea have, other than in those cases detailed below, been transitioned without changes. This means that tariff preferences set out in agreement for products being traded between Korea and the United Kingdom will remain the same as those between Korea and the EU.
62. The only exception to tariff commitments being transitioned without modifications relates to the size of tariff-rate quotas (see below), which can be found in Appendix 2-A-1 of the UK-Korea Free Trade Agreement, and origin quotas which can be found in the Protocol Concerning the Definition of Originating Products and Methods of Administrative Cooperation, where these have to be resized to deal with the fact that the UK will no longer be a member of the EU. These changes are detailed further below.
63. In relation to the entry price scheme, an additional change was made to Appendix 2-A-2 to replace references to an EU regulation, which will not be retained in UK law, with UK's WTO Goods Schedule. The UK's WTO Goods Schedule sets out the bound specific duties that apply to entry price system products.

Tariff Rate Quotas (TRQs)

Justification for policy change

64. Tariff-rate quotas ("TRQs") allow a certain quantity of a product to enter the market at a zero or reduced tariff rate. Imports above the quota are subject to a higher tariff rate – usually the MFN rate. The EU has agreed TRQs, both for imports to the EU and to partner countries, in some of its trade agreements. In order for products to be able to continue to benefit from the use of TRQs in trade between the UK and its Free Trade Agreement partners, these quotas need to be present in the new UK agreements with those partners.
65. TRQs administered by the UK and by Free Trade Agreement partners have been re-sized to reflect the fact that the UK is a smaller importer and exporter than the EU28. Solutions were agreed with Korea to set quotas to a sufficient level that will provide for continuity of almost all historical trade flows from UK exporters.
66. Where possible, TRQs have been re-sized based on three years of customs usage data, which detail actual usage of the TRQs by importers. It includes information on the quantity and date of individual shipments of goods. In some instances where there is low or no usage of outward TRQs the tariff-rate quota has been removed, i.e. Flatfish, Milk or cream powder, food whey, butter (and other fats and oils derived from milk), cheese (fresh, curd grated or powdered, processed and other), honey, oranges, prepared dry milk, dextrin.
67. The quotas given in this agreement were calculated based on Korean customs data and cross-referenced against available trade flow data.

68. A further change was made in paragraph 2 of Appendix 2-A-1 to clarify that TRQs should be applied pro-rata in the event that this Agreement enters into force on a date other than the 1 July.

Impacts

69. Without transitioning these TRQs, and without any other mitigating actions, goods exported to Korea from the UK that are currently covered by TRQs in the EU-Korea Free Trade Agreement could face MFN tariffs. This could make these exports more expensive for the Korean firms and consumers who buy them. The nature of this impact will depend on a number of factors, including existing trading patterns and the behaviour and responsiveness of domestic consumers and businesses to the change in tariff.

70. In the case of Korea, all quotas were outward TRQs from the UK with no inward TRQs from Korea. UK exports of TRQ commodities are heavily concentrated in malt and malting barley; and animal feed. The TRQs agreed with Korea for these products reflect UK historic usage of the quotas and there should therefore be limited impact on UK producers. According to trade data, UK historic usage of the other TRQs in the EU-Korea Free Trade Agreement to export to Korea have been low or zero. As such, the UK agreed with Korea not to create TRQs for these products in the new UK-Korea Free Trade Agreement. UK exports of TRQ commodities are heavily concentrated in malt and malting barley; and animal feed. The TRQs agreed with Korea for these products reflect UK historic usage of the quotas and should therefore have limited impact on UK producers. In the case of those products for which quotas are transitional and then become fully liberalised, full liberalisation will be maintained for the same products and to the same timeframe as in the original agreement.

Table 4: List of TRQs applied by Korea for imports from the UK

Malt and Malting Barley (HS 1003 10 10, 1003 90 10, 1107 10)

Years	Quota in metric tons
July 2019-2020	1521
July 2020-2021	1567
July 2021-2022	1614
July 2022-2023	1662
July 2023-2024	1712
July 2024-2025	1764
July 2025-2026	1816
July 2026-2027	Unlimited

Animal Feed (HS 2309 90 20 10, 2309 90 20 20, 2309 90 20 99, 2309 90 90 00)

Years	Quota in metric tons
July 2019-2020	609
July 2020-2021	627
July 2021-2022	646
July 2022-2023	665
July 2023-2024	Unlimited

Agricultural Safeguard Measures

71. Agricultural Safeguard Measures are intended to respond to unforeseen volatility in certain agricultural industries in order to protect domestic markets. Agricultural Safeguard Measures in Annex 3 of the EU-Korea Free Trade Agreement gradually reduce to zero over a number of years. These measures have been transitioned to the UK-Korea Free Trade Agreement and have been resized to reflect the fact that the UK is a smaller importer and exporter than the EU28. We do not expect this change to have an impact. The staging years have been updated to reflect the fact that the EU-Korea Free Trade Agreement has already been in force for 8 years. The size of the revised Agricultural Safeguard Measures are outlined in Table 5 below.

Table 5: Agricultural Safeguard Measures

For beef as covered below:

Coverage: Fresh, chilled, and frozen beef muscle meats – Harmonised Tariff Schedule of Korea (“HSK”) provisions 0201.10.0000, 0201.20.0000, 0201.30.0000, 0202.10.0000, 0202.20.0000 and 0202.30.0000

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023	July 2023-2024	July 2024-2025
Trigger Level (MT)	467	476	486	496	506	516
Safeguard Duty (%)	30.0	30.0	30.0	24.0	24.0	24.0

Year	July 2025-2026	July 2026-2027	July 2027-2028
Trigger Level (MT)	526	537	N/A
Safeguard Duty (%)	24.0	24.0	0

For pork as covered below:

Coverage: HSK provisions 0203.19.1000 and 0203.19.9000

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023
Trigger Level (MT)	3	3	3	N/A
Safeguard Duty (%)	13.5	12.4	11.3	0

For apple as covered below:

Coverage: HSK provision 0808.10.0000

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023	July 2023-2024	July 2024-2025
Trigger Level (MT)	48	49	50	51	52	53
Safeguard Duty (%)	33.8	33.8	33.8	27	27	27

Year	July 2025-2026	July 2026-2027	July 2027-2028	July 2028-2029	July 2029-2030	July 2030-2031
Trigger Level (MT)	54	55	56	57	58	59
Safeguard Duty (%)	27	27	22.5	22.5	22.5	22.5

Year	July 2031-2032	July 2032-2033	July 2033-2034	July 2034-2035	July 2035-2036
Trigger Level (MT)	61	62	63	64	N/A
Safeguard Duty (%)	22.5	22.5	22.5	22.5	0

For malt and malting barley as covered below:

Coverage: HSK provisions 1003.00.1000 and 1107.10.0000

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023	July 2023-2024	July 2024-2025
Trigger Level (MT)	1,746	1,780	1,816	1,852	1,889	1,927
Safeguard Duty (%)						
1003.00.1000	338.0	315.0	291.0	268.0	244.0	221.0
1107.10.0000	199.0	190.0	181.0	139.0	127.0	115.0

Year	July 2025-2026	July 2026-2027	July 2027-2028
Trigger Level (MT)	1,966	2,005	N/A
Safeguard Duty (%)			
1003.00.1000	197.0	174.0	0

1107.10.0000	103.0	91.5	0
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For potato starch as covered below:

Coverage: HSK provision 1108.13.0000

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023	July 2023-2024	July 2024-2025
Trigger Level (MT)	43	44	45	46	47	48
Safeguard Duty (%)	336.0	321.0	306.0	235.0	215.0	195.0

Year	July 2025-2026	July 2026-2027	July 2027-2028
Trigger Level (MT)	49	50	N/A
Safeguard Duty (%)	175.0	155.0	0

For ginseng as covered below:

Coverage: HSK provisions 1211.20.2210, 1211.20.2220, 1211.20.2290, 1302.19.1210, 1302.19.1220 and 1302.19.1290

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023	July 2023-2024	July 2024-2025
Trigger Level (MT)	20	21	21	21	22	22
Safeguard Duty (%)	754.3	754.3	754.3	754.3	754.3	754.3

Year	July 2025-2026	July 2026-2027	July 2027-2028	July 2028-2029	July 2029-2030	July 2030-2031
Trigger Level (MT)	23	23	24	24	25	N/A
Safeguard Duty (%)	754.3	754.3	566.0	566.0	566.0	0

For sugar as covered below:

Coverage: HSK provisions 1701.99.0000

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023	July 2023-2024	July 2024-2025
Trigger Level (MT)	4	4	4	4	4	5
Safeguard Duty (%)	50.0	50.0	50.0	50.0	50.0	50.0

Year	July 2025-2026	July 2026-2027	July 2027-2028	July 2028-2029	July 2029-2030	July 2030-2031
Trigger Level (MT)	5	5	5	5	5	5
Safeguard Duty (%)	50.0	50.0	37.5	37.5	37.5	37.5

Year	July 2031-2032	July 2032-2033
Trigger Level (MT)	5	N/A
Safeguard Duty (%)	37.5	0

For alcohol as covered below:

Coverage: HSK provision 2207.10.9010

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023	July 2023-2024	July 2024-2025
Trigger Level (MT)	6	7	7	7	7	7
Safeguard Duty (%)	199.0	191.0	182.0	139.0	127.0	116.0

Year	July 2025-2026	July 2026-2027	July 2027-2028
Trigger Level (MT)	7	7	N/A
Safeguard Duty (%)	104.0	91.8	0

For dextrans as covered below:

Coverage: HSK provisions 3505.10.4010, 3505.10.4090, 3505.10.5010 and 3505.10.5090

Year	July 2019-2020	July 2020-2021	July 2021-2022	July 2022-2023	July 2023-2024	July 2024-2025
Trigger Level (MT)	435	444	452	461	471	N/A
Safeguard Duty (%)	260.0	244.0	228.0	152.0	131.0	0

Rules of Origin

72. In free trade agreements, Rules of Origin are used to determine the economic nationality of a good. In order to qualify for preferential tariff rates, a good must “originate” in one of the parties to the agreement. Trade agreements may also allow materials originating and/or processing in a country other than the exporting Party to count towards meeting the specific origin requirements for preferential treatment, a process known as “cumulation”.
73. There are two categories relevant to determining whether goods “originate” in the exporting country for the purposes of a free trade agreement:
- a. Wholly obtained – These are goods that are wholly obtained or produced entirely in a single country. Examples include mineral products extracted from the soil and live animals born and raised there.
 - b. Substantial transformation – These are goods that are made from materials which come from more than one country, and the origin is therefore defined as that of the country where the goods were last substantially transformed. This can be determined in three ways:
 - i. Value added – This type of rule requires that a particular proportion of the final value of the product be added in the exporting country.
 - ii. Change in Tariff Classification (“CTC”) – This type of rule requires that the final product be sufficiently different from the imported materials so that it moves to a different tariff classification altogether.
 - iii. Specific processing or manufacturing – These rules typically apply where value added or CTC rules may not adequately determine originating status, and where specific processes are required to meet originating criteria.
74. As a member of the EU, all UK content is currently considered as “originating” in the EU and UK exports are designated as “EU origin”. This means that originating materials from, and processing in, the UK and the rest of the EU can be used interchangeably in bilateral trade with existing EU Free Trade Agreement partners. This will no longer be the case when existing EU Free Trade Agreements stop applying to the UK. At this point, the designation of UK exports will shift from “EU” originating to “UK” originating and EU content will (unless specific provision is made in new agreements) no longer count towards meeting the origin requirements for preferential treatment for either party. This would have implications for goods traded between the UK, EU and Korea.
75. To address these implications and to provide maximum continuity for business, it has been agreed in the UK-Korea Free Trade Agreement that EU materials and processing can be recognised (i.e. cumulated) in UK and Korea exports to one another for 3 years after entry into force. Not later than two years after the entry into force of this Agreement, the UK and

Korea will commence a review of the provision to ensure continued, mutually beneficial rules of origin in bilateral trade. The cumulation provisions are set out in detail in Article 3 of Title II Definition of 'originating products' of the Protocol Concerning the Definition of Originating Products and Methods of Administrative Cooperation and are subject to satisfying certain conditions specified in the agreement.

76. Products taken from the sea outside of a Party's territorial waters are considered wholly obtained (i.e. originating) if taken by a vessel that satisfies the definition of "vessels" in Article 4 of the Protocol Concerning the Definition of Originating Products and Methods of Administrative Cooperation of the Agreement. This also applies for the purpose of determining the origin of products made aboard "factory ships" exclusively from products taken outside territorial waters by a Party's vessels. The UK-Korea Free Trade Agreement replicates the existing requirements that vessels and factory ships be registered in, and sail under the flag of, one of the Parties, and be at least 50% owned by nationals of, or companies with sufficient links to, either of the Parties. EU nationals and companies are not, however, included in the ownership criteria of the UK-Korea Free Trade Agreement (paragraph 2 (c) (i) and (ii)), which must now be fulfilled only within the UK or Korea. We assess this adjustment will have a minimal effect given the nature of trade from the UK to Korea which is predominantly in products taken from territorial waters.
77. Similar to the cumulation arrangements in the UK-Korea Free Trade Agreement, the UK and Korea have agreed to provide continuity in the Direct Transport provisions by continuing to allow goods to be transported through the EU for a period of 3 years after entry into force. This is reflected and further detailed in Article 13 of Title III Territorial Requirements of the Protocol Concerning the Definition of Originating Products and Methods of Administrative Cooperation of the Agreement.

Impact

78. If cumulation of EU content for the UK and Korea were not permitted under the UK-Korea Free Trade Agreement at entry into force, some UK and Korean based exporters might find themselves unable to access preferences as they are currently able to under the EU-Korea Trade Agreement. UK exporters to Korea who rely on EU content might have to revert to paying Most Favoured Nation (MFN) tariff rates, if they continued using EU content, or they might have to review and reassess their existing supply and value chains as a result of this immediate change to existing terms. The impact would, of course, vary across sectors.
79. The UK-Korea Free Trade Agreement provides only for trade between the UK and Korea and does not provide for either party's direct trade with the EU, including, for example, where UK and Korea-based exporters use content from each other in exports to the EU.

Origin Quotas

Justification for policy change

80. Origin quotas allow a more flexible test of origin to be applied for specified quantities of goods from certain tariff lines. They allow exporters who may have not be able to meet the fixed origin requirements in the list of product-specific rules to secure preferential access for a specified volume of their product.
81. The Origin Quotas in the EU-Korea Free Trade Agreement are all inbound (Korea to EU) quotas, which were sized and agreed in relation to the size of the EU and Korean markets. The origin quotas in the UK-Korea Free Trade Agreement have been resized to set quotas

to a sufficient level that will allow for continuity of historical trade flows, in most circumstances, for importers and exporters from both sides. In some instances where there is low or no usage of inward Origin Quotas by Korean businesses the quota has been removed, i.e. Biscuits, Cigarettes containing tobacco, cotton sewing thread, cotton yarn, sewing thread and yarn.

82. Table 6 sets out the new UK Origin Quotas applicable under the UK-Korean Free Trade Agreement. Where possible, Origin Quotas have been resized based on three years of usage data.

Impacts

83. Without transitioning the Origin Quotas where there are historical trade flows, goods traded between the UK and Korea that are currently covered by these quotas in the existing EU-Korea Free Trade Agreement could face more restrictive rules of origin under the new UK-Korea Free Trade Agreement.

84. The nature of the impact of the resizing will depend on a number of factors, including existing trading patterns and the response of domestic consumers and businesses to the change in Origin Quotas. UK imports from Korea, based on trade data (at HS6 level) covering these products¹⁷ were worth around £1 million in total in 2018, equivalent to less than 0.1% of total UK goods imports from Korea.¹⁸ Since trade flows in these products are relatively low, we expect that the overall, immediate, impact on UK importers and consumers resulting from this approach to resizing Origin Quotas will be limited.

Table 6: List of Origin Quotas applied by the UK for imports from Korea and new quota volumes (tonnes, unless otherwise specified)

Quota number	Product	UK Quota Volume for Full Administration Period (tonnes, except where otherwise specified) *
09.2450	Preparations of surimi	100
09.2457	Woven fabrics of man-made filament yarn, Square meters equivalent (SME)	1,068,320

*The agreed annual increase in UK quota volume is aligned to the annual increases in quota volumes agreed as part of the EU-Korea Free Trade Agreement.

¹⁷ Trade data at HS6 level. Products covered by quotas taken from the EU's TARIC database.

¹⁸ Figures calculated at the HS6 level. HM Revenue and Customs, UK trade statistics data.

<https://www.uktradeinfo.com/Pages/Home.aspx>. 2018 average. It should be noted that not all commodity codes within the HS product codes will be covered in every Origin Quota. Further, it is not necessarily the case that all trade in products under the quota will enter under this access commitment. As such, estimates based on HS6 data are likely to give an upper bound to the volume of imports and exports covered by the Origin Quota. This calculation uses the HMRC (cross-border) approach to measuring trade flows, which will yield a different result for totals compared to the ONS figures used in the Economic Background section above.

Product codes under the Harmonised System (HS) for these quotas can be found in the UK-Korea Free Trade Agreement.

Customs and trade facilitation

85. Commitments on customs and trade facilitation for both the UK and Korea have, other than in those cases detailed below, been transitioned without changes.
86. An amendment was made to Article 2.10 (“Fees and Other Charges on Imports and Exports”). The amendment clarifies that all fees and charges related to import and export shall be published through the internet. The UK already meets this obligation.
87. Reference to the Protocol on Mutual Administrative Assistance in Customs Matters superseding the Agreement between the European Community and the Republic of Korea on Cooperation and Mutual Administrative Assistance in Customs Matters in Article 15.14.3 of the EU-Korea Free Trade Agreement has been deleted, as that Agreement will have ceased to apply to the UK when the UK-Korea Free Trade Agreement enters into force.
88. The Protocol on Mutual Administrative Assistance in Customs Matters has been transitioned into the UK-Korea Free Trade Agreement. Article 14 of the Protocol has been amended to state that the Parties aim to expand on the terms of the Protocol in a further agreement relating to cooperation and mutual administrative assistance in customs matters and that the Protocol will cease to have effect once said agreement enters into force.

Technical Barriers to Trade

89. Technical Barriers to Trade (“TBT”) articles in trade agreements cover aspects relating to regulations, standards and conformity assessment for goods. TBT provisions in Free Trade Agreements play an important role in reducing non-tariff barriers for businesses, for example through increasing the transparency of a trading partner’s regulatory requirements. Changes to these provisions have been limited to non-substantive technical changes with no trade impact.
90. Both Parties agreed a side minute to clarify that the UK intends, for a limited time and in accordance with published guidance, to continue to accept goods that meet EU regulatory requirements on the UK market, and will notify Korea if this changes.

Electronics

91. Annex 2B of the UK-Korea Free Trade Agreement, which deals with conformity assessment procedures for electronics, replicates the effects of EU-Korea Free Trade Agreement and updates references to domestic Korean legislation. A footnote in the title of the Annex establishes that any changes related to requirements or procedures introduced in the EU-Korea Free Trade Agreement before that Agreement ceases to apply to the UK shall continue to apply to the UK-Korea Free Trade Agreement.
92. Article 5 of Annex 2B of the EU-Korea Free Trade Agreement establishes a regular review seeking to gradually eliminate technical and administrative requirements, including mandatory third-party testing. The date for the first review in the UK-Korea Free Trade Agreement is amended so that time periods for the regular review remains in line with the EU-Korea Free Trade Agreement.

Motor vehicles and parts

93. Annex 2-C of the UK-Korea Free Trade Agreement, which covers motor vehicles and parts replicates the effects of the EU-Korea Free Trade Agreement. A footnote in the title of the Annex establishes that any changes agreed between the EU and Korea to Annex 2C of the EU-Korea Free Trade Agreement before that Agreement ceases to apply to the UK shall apply under the UK-Korea Free Trade Agreement.
94. A footnote in Appendix 2-C-3 of the EU-Korea Free Trade Agreement contains 'Transitional Arrangements on OBD and Emissions for Gasoline Powered Motor Vehicles' – these are now redundant and have been removed in the UK-Korea Free Trade Agreement text.

Pharmaceutical products and medical devices

95. Annex 2D of the UK-Korea Free Trade Agreement transitions the same annex of the EU-Korea Free Trade Agreement except for a minor change. Article 1(f) of Annex 2D of the UK-Korea Free Trade Agreement updates the names of two organisations which have changed since the EU-Korea Free Trade Agreement entered into force.

Sanitary and Phytosanitary (SPS)

96. Sanitary and Phytosanitary (“SPS”) articles in trade agreements concern the application of food safety and animal and plant health regulations. SPS provisions in trade agreements allow countries to set standards and regulations that allow for the protection of human, animal or plant life and health. SPS provisions in Free Trade Agreements can increase transparency in trading by allowing the recognition of equivalent measures in relation to animal health, and import requirements, including health certification. Commitments on SPS have been transitioned without changes.

Intellectual Property including Geographical Indications

97. We have ensured that our existing obligations on intellectual property (“IP”) found in international and trade agreements remain in place. The UK will remain a member of the World Intellectual Property Organization (“WIPO”), and remain fully compliant with those WIPO treaties to which we are already a party. We will also remain fully compliant with the World Trade Organization’s agreement on the trade related aspects of intellectual property rights (“TRIPS”).
98. The UK-Korea Free Trade Agreement removes the commitment to enter into consultations to review the desirability and feasibility of introducing an artist’ resale right in works of art in Korea in Article 10.10. The commitment to enter consultations has been removed because it was a two-year timebound commitment in the EU- Korea Free Trade Agreement. Korea has provided reassurance to the UK that they will introduce an artist resale right by 2022, as part of a wider package of reforms.
99. The UK- Korea Free Trade Agreement removes provisions found in Article 10.14 and Article 10.67.4 of the EU-Korea Free Trade Agreement, requiring Korea to fully implement obligations within two years of entry into force of that Agreement. These provisions are no longer relevant as Korea has now implemented its obligations in these Articles.
100. There are two types of unregistered design right that operate alongside one another in the UK– (i) the Unregistered Design Right provided for by the Copyright, Designs and Patents

Act 1988, and (ii) the Community Unregistered Design Right as carried over into UK legislation by the European Union (Withdrawal) Act 2018. The two types of unregistered design rights differ in scope and duration. In order to provide clarity and ensure continuity of effect, we have added a footnote (and an Understanding on this footnote) to make it clear that the unregistered design rights referred to in Article 10.30 of the UK-Korea Free Trade Agreement applies only to the Community Unregistered Design Right as carried over into UK legislation by the European Union (Withdrawal) Act 2018.

101. The UK-Korea Free Trade Agreement retains the protections provided in the EU-Korea Free Trade Agreement for UK and Korean geographical indications (“GIs”). The retained protections include those for Irish Whiskey/Irish Whisky (“Irish Whiskey”), which is a GI that relates to the territory of both Northern Ireland and the Republic of Ireland, known as a ‘transborder GI’. The UK-Korea Free Trade Agreement specifies in a footnote added to Annex 10-B that Korea will undertake a domestic procedure in order to enable it to continue protecting Irish Whiskey under the UK-Korea Free Trade Agreement. However, in the meantime there will be no impact on the continued use and protection of the Irish Whiskey GI because it will continue to be protected under the EU-Korea Free Trade Agreement and the UK–Korea Free Trade Agreement confirms that, pending protection under the UK-Korea Free Trade Agreement, operators can continue to use the GI where their product complies with the GI product specification.
102. All other GIs and protected designations which relate to EU Member States that are not the UK are not incorporated into Annexes 10-A and 10-B of the UK- Korea Free Trade Agreement. This is because the UK-Korea Free Trade Agreement is a bilateral agreement, and therefore can only protect GIs of States that are party to the agreement. This has no effect on existing GI protections relating to EU Member States in Korea, which will remain protected under the EU-Korea Free Trade Agreement. We do not expect these changes to have an impact on bilateral trade flows between the UK and Korea.

Sustainability

103. The UK has long supported the promotion of our values globally and this will continue as we leave the EU. We want to ensure economic growth, development and labour and environmental protection go hand-in-hand. The Trade and Sustainable Development chapters in EU Free Trade Agreements have played an important role in this to date and in the very large part they have been replicated in their entirety in the new UK-Korea Free Trade Agreement.
104. Sustainability chapters often refer out to other (non-EU) international agreements on issues like labour and environment, which the UK and the partner country is a member of in our own right and so these provisions will continue to apply once the UK has left the EU.
105. A reference to the now-expired Bali Action Plan was deleted from Article 13.5 in the UK-Korea Free Trade Agreement. We do not expect this change to have an impact.

Government Procurement

106. Government procurement commitments in trade agreements provide enforceable rules and standards for a transparent and non-discriminatory framework on government procurement. They also liberalise specific procurement markets between the parties and provide enforceable market access commitments.

107. The UK-Korea Free Trade Agreement has retained the commitments on public procurement that were set out in the EU-Korea Free Trade Agreement and that are based on the EU's GPA Schedules. However, as the UK will accede to the GPA in its own right once we leave the EU, the UK-Korea Free Trade Agreement will rely on the UK's GPA Schedules once they come into force. These vary slightly from the EU's as they have been updated to reflect the current organisation of government departments. So once these come into effect, that will alter the scope of the UK-Korea Free Trade Agreement from its EU predecessor in two ways: first the bilateral obligation in article 9.1 reaffirming GPA commitments; and second the scope of obligations covered by Annex 9, as set out in paragraph 3.2 of that Annex, that relate to the UK and Korea.
108. Amendments have been made in Article 4 of Annex 9 of EU-Korea Free Trade Agreement to reflect that the United Kingdom will update its means of publication once a means of publication of procurement notices and contract awards in the United Kingdom has been determined after the UK leaves the EU. The UK has agreed to notify Korea of this means of publication on entry into force of the Agreement. Subject to the terms of any final agreement with the EU, this may replace the reference to the information system for European public procurement and the Official Journal of the European Union. These changes are not expected to have an impact.
109. Article 9 states that the procurement covered by this agreement will be all procurement covered by the WTO's Government Procurement Agreement 1994 ("GPA") including their amendments or replacements. This should be interpreted to include the revised GPA agreed in 2012.

Competition and Subsidies

110. Chapters or articles in trade agreements relating to competition and subsidies help to ensure a level playing field exists for both parties. They detail key principles and can refer to domestic laws for each party.
111. Minor non-substantive technical changes have been carried out in the areas of competition and subsidies to ensure that the effects of the provisions are replicated without altering the substance. The Free Trade Agreement will not have any effect on the financial support the Government provides to our agricultural and fishing industries. We do not expect any changes to have an impact.
112. Article 11.6.2 of the EU-Korea Free Trade Agreement refers to cooperation based specifically on the Agreement between the European Community and the Government of the Republic of Korea concerning cooperation on anti-competitive activities signed on 23 May 2009. We have removed this specific reference to that Agreement (and a further reference to it in Article 11.7) from the UK Korea Free Trade Agreement, as the UK is not a party to the 2009 agreement. However, the obligation to cooperate concerning enforcement of competition law has been replicated. We do not expect this to have an impact on the meaning or intent of the co-operation provisions.

Services

113. Services chapters and corresponding annexes in trade agreements set out the treatment and the level of access to the domestic market granted to that trade partner's service suppliers and services. Commitments build upon the level of access and the treatment granted to all WTO members, whilst protecting governments' right to regulate the domestic markets.

114. Amongst the EU's Free Trade Agreements with third countries, the content of the services chapters and depth of the commitments undertaken vary considerably. The variety of these services provisions have in some cases necessitated a bespoke approach to deliver continuity in services commitments between the UK and the third country. Some agreements have not required amendment whilst others have required technical alteration to their text to deliver continuity of effect. Where such technical changes have been necessary the effects of the original commitments have been replicated as far as possible.
115. Throughout services chapters and the corresponding annexes, text with specific reference to the obligations and commitments of EU Member States has been removed as it no longer applies in a bilateral context. This includes deletion of the Understanding on the Cross-Border Supply of Insurance Services which relates to supply of services across EU Member States.
116. The purpose of the Understanding on the Article 7.5.2.(a) Footnote 5 is to set out the respective understandings of Korea and the UK regarding the footnote to Article 7.5.2(a).

Postal and Courier Services

117. Changes have been made to the Understanding on the Korean Postal Reform Plan to acknowledge that Korea has completed steps in its postal reform plan since the EU-Korea Free Trade Agreement entered into force in July 2011. A footnote in this Understanding confirms that this agreement creates no additional obligations on Korea to reform its postal services beyond those that are included in the Explanatory Notes of the EU-Korea Free Trade Agreement. We do not expect this change to have any impact.

Internal waterways arrangements

118. References to EU internal waterway arrangements such as the 'Rhine-Main-Danube Link' in Annexes 7-A-1, 7-A-2 and 7-A-C (the list of the UK's MFN exemptions) have been removed as they no longer apply in a bilateral context. There is no envisaged economic impact of this change.

Aircraft leasing text

119. Throughout Annexes 7-A-1 and 7-A-2 minor changes have been made, including to market access reservations requiring that aircraft used by Community air carriers be registered in the Member State licensing the air carrier or elsewhere in the Community. For these reservations, the phrase 'or elsewhere in the European Union' and a reference to the licensing European Member States have been removed as they are no longer required in the bilateral context.
120. The reservation requires that aircraft used by UK carriers be registered in the UK in certain circumstances. We would expect that any economic impact of this change would be limited. UK carriers will continue to benefit from a network of Air Services Agreements.

Professional Services Recognition

121. A reservation that clarified that recognition of Diplomas is required in order to practise regulated professional services by non-Community nationals remained within the competence of each Member State has been removed from Annex 7-A-3 as this is not applicable in a bilateral context. There is no envisaged economic impact of this change.

Audio-visual

122. The UK-Korea Free Trade Agreement transitions the Protocol on Cultural Cooperation of the EU-Korea Free Trade Agreement except for the following amendments.
123. Article 5.4 of the EU-Korea Free Trade Agreement referenced that co-produced audio-visual works are able to benefit from EU schemes for the promotion of local/regional content. This article is amended in the UK-Korea Free Trade Agreement to replace EU schemes with UK schemes.
124. Footnote 2 in this article has been added in the UK-Korea Free Trade Agreement, for clarity and simply outlines existing UK obligations. It provides for no additional obligations. These derive from its status as a party to the Council of Europe Convention on Transfrontier Television.

Investment

125. The EU-Korea Free Trade Agreement does not contain an investment chapter. However, Article 7.16 of the EU-Korea Free Trade Agreement provided for a review of the investment legal framework. In the EU-Korea Free Trade Agreement the review was set to begin no later than three years after the entry into force of this Agreement. We have amended this to align with the Subsequent Negotiations provision added into Article 15.5bis of the UK-Korea Free Trade Agreement.

Exchange of Letters

126. In addition to the UK-Korea Free Trade Agreement, the UK has agreed three exchanges of letters with Korea. These exchanges of letters were signed by the Secretary of State for International Trade and the Korean Minister of Trade at the same time as the UK-Korea Free Trade Agreement. None of these exchanges of letters are legally binding. They cover areas of future work and the implementation period, wider areas of collaboration outside the agreement, government procurement and GPA accession. These letters are annexed for information at Annex B.

Exchange of Letters covering areas of future work and an Implementation Period

127. We have agreed a non-legally binding letter that provides a commitment to enter into future discussions with Korea through an Implementation Period, though without committing to an end date for these discussions. It also records the shared intention that the UK-Korea Free Trade Agreement, in substantially the form already signed by the Parties, will enter into force at the end of the Implementation Period in the event that a revised agreement has not been agreed.

128. This Exchange of Letters does not oblige either the UK or Korea to reach agreement in any areas of future discussions. However, it does state that both sides will give active consideration to a number of areas:

- i. increased transparency of trade remedies investigations, under appropriate circumstances;
- ii. the transparent, proportionate and fair use of trade remedies in line with the WTO rules-based framework;
- iii. A range of practical measures to make trade in professional and business services smoother for Korean and British business, including encouraging the relevant professional bodies of Korea and the UK to pursue mutual recognition arrangements;
- iv. addition of geographical indications for protection between Korea and the UK;
- v. measures to provide for mutually beneficial and business-friendly rules of origin which facilitate trade between Korea and the UK; and
- vi. any other issues of mutual interest.

129. This Exchange of Letters also clarifies that the two governments will add any GIs of the UK or Korea that are added to the EU-Korea Free Trade Agreement before it ceases to apply to the UK, to the UK-Korea Free Trade Agreement.

Exchange of Letters covering wider areas of collaboration outside the agreement

130. We agreed a non-legally binding Exchange of Letters signed and published alongside the UK- Korea Free Trade Agreement that identifies areas of mutual co-operation between the UK and Korea. These areas are listed in an Annex to the Exchange of Letters.

Exchange of Letters covering procurement and the GPA

131. Chapter 9 of the UK-Korea Free Trade Agreement refers to the GPA. The UK is presently party to the EU's membership of the GPA. The UK will become an independent member of the GPA once we leave the EU.
132. We agreed an Exchange of Letters that confirms continued support for UK GPA accession from Korea and a commitment for both sides to review their procurement offers in the area of high-speed rail with a view to achieving balanced market access. Any outcome from this review could only be implemented after the UK has acceded to the GPA in its own right.

Annex A

UK-Republic of Korea joint statement: shared values, ever growing partnership

Note that this statement is not a legal binding document. The legally binding elements of the EU-Korea Framework Agreement, which are linked to the EU-Korea Free Trade Agreement, have not been transitioned.

1. The Republic of Korea and the United Kingdom reaffirm our strong commitment to democratic principles, the rule of law, good governance, human rights, including gender equality, and fundamental freedoms, as set out in the Universal Declaration of Human Rights and other relevant international human rights instruments. We confirm our attachment to the Charter of the United Nations and our support for the shared values expressed therein.
2. The Republic of Korea and the United Kingdom consider the proliferation of Weapons of Mass Destruction and their means of delivery, both to state and non-state actors, as one of the most serious threats to international stability and security. We therefore agree to continue cooperating in and contributing towards countering the proliferation of Weapons of Mass Destruction.
3. We commit to continue working closely with each other and with regional and international partners to achieve concrete progress on complete denuclearisation and the establishment of permanent peace on the Korean Peninsula and to implement faithfully relevant UN Security Council Resolutions.
4. We reaffirm our commitment to take measures against the most serious crimes of concern to the international community, the financing of terrorism, as well as threats posed by hostile state actors, organised crime and corruption, whilst also building on our existing law enforcement cooperation and cooperation to combat terrorism. We will continue to develop, as appropriate, judicial cooperation in civil and commercial matters, including through the Conventions of the Hague Conference on Private International Law in the field of international legal cooperation and litigation as well as the protection of children.
5. The Republic of Korea and the United Kingdom demonstrate our joint commitment to the promotion of the benefits of trade liberalisation and investment under the global rules-based trading system. In this context, we welcome the forthcoming signature of the free trade agreement between our two countries. This agreement replicates the effects of the existing EU – Republic of Korea Free Trade Agreement to ensure continuity in the trading relationship between the Republic of Korea and the United Kingdom when the United Kingdom ceases to be bound by that agreement.
6. We will continue to support global cooperation on sustainable development. We are firmly committed to ensuring the effective implementation of the Paris Agreement, and to our commitments under it. We agree to conserve and manage natural resources in a sustainable manner to ensure the sustainability of our environment for future generations.
7. Mindful of the comprehensive nature of our relationship, the Republic of Korea and the United Kingdom further commit to strengthening our partnership in political, economic, social and cultural fields. This includes people-to-people ties and collaboration on research and innovation to address the challenges that our modern economies and societies face.

8. The Republic of Korea and the United Kingdom restate our longstanding commitment to maximise our cooperation and exchange of views in international fora, including the UN, G20, WTO, ILO and OECD. We reaffirm the importance of our bilateral structures to advance our shared interests and values, including through our annual Foreign Ministers Strategic Dialogue and other Minister-level dialogues.

Annex B

Exchange of Letters covering areas of future work and an Implementation Period

August 2019

THE RT HON ELIZABETH TRUSS MP
Secretary of State, Department for International Trade
& President of the Board of Trade
United Kingdom of Great Britain and Northern Ireland

Dear Secretary Truss:

I have the honor to confirm the following understanding reached between the delegations of the Government of the Republic of Korea (hereinafter, "Korea") and the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter, "the UK") during the course of discussions leading up to the signature of the Free Trade Agreement between Korea and the United Kingdom (hereinafter, "the Korea-UK FTA").

1. In the event that the UK leaves the European Union (hereinafter, "the EU") and the Free Trade Agreement between the EU and Korea continues to apply to the UK during an implementation period, provided for in a Withdrawal Agreement between the UK and the EU, Korea and the UK commit to launch negotiations as soon as possible, with a view to achieving a more ambitious and high-level bilateral trade and investment relationship, without prejudice to any domestic consultations the Governments may need to hold. During the negotiations, both sides will give active consideration to the following areas:
 - increased transparency of trade remedies investigations, under appropriate circumstances;
 - the transparent, proportionate and fair use of trade remedies in line with the WTO rules-based framework;
 - A range of practical measures to make trade in professional and business services smoother for Korean and British business, including encouraging the relevant professional bodies of Korea and the UK to pursue mutual recognition arrangements;
 - addition of geographical indications for protection between Korea and the UK;
 - measures to provide for mutually beneficial and business-friendly rules of origin which facilitate trade between Korea and the UK ; and
 - any other issues of mutual interest.

2. The two Governments will add any GIs of the UK or Korea that are added to the Korea-EU FTA before it ceases to apply to the UK, to the Korea-UK FTA.
3. Given that any implementation period agreed between the UK and the EU will be for a limited time only, should it not be possible for Korea and the UK to conclude negotiations during an implementation period despite their best efforts to do so, the agreed Korea-UK FTA, in substantially the form signed between Korea and the UK, will be brought into force at the end of the implementation period until a revised agreement can be agreed and brought into force. Such an agreement may include any modifications that may be agreed between Korea and the UK during the implementation period, without prejudice to the domestic procedures that the Governments may need to go through.

I propose that this letter and your letter in reply reflect the shared understanding of both governments and do not create any legally binding obligations under international law.

Sincerely,
Yoo Myung-hee
Minister for Trade
Ministry of Trade, Industry and Energy
Republic of Korea

August 2019

THE HONORABLE MYUNG-HEE YOO
Minister for Trade
Ministry of Trade, Industry and Energy
Republic of Korea

Dear Minister Yoo,

I have the honour to acknowledge receipt of your letter of this date, which reads as follows:

I have the honor to confirm the following understanding reached between the delegations of the Government of the Republic of Korea (hereinafter, "Korea") and the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter, "the UK") during the course of discussions leading up to the signature of the Free Trade Agreement between Korea and the United Kingdom (hereinafter, "the Korea-UK FTA").

1. In the event that the UK leaves the European Union (hereinafter, "the EU") and the Free Trade Agreement between the EU and Korea continues to apply to the UK during an implementation period, provided for in a Withdrawal Agreement between the UK and the EU, Korea and the UK commit to launch negotiations as soon as possible, with a view to achieving a more ambitious and high-level bilateral trade and investment relationship, without prejudice to any domestic consultations the Governments may need to hold. During the negotiations, both sides will give active consideration to the following areas:
 - increased transparency of trade remedies investigations, under appropriate circumstances;
 - the transparent, proportionate and fair use of trade remedies in line with the WTO rules-based framework;
 - A range of practical measures to make trade in professional and business services smoother for Korean and British business, including encouraging the relevant professional bodies of Korea and the UK to pursue mutual recognition arrangements;
 - addition of geographical indications for protection between Korea and the UK;
 - measures to provide for mutually beneficial and business-friendly rules of origin which facilitate trade between Korea and the UK ; and
 - any other issues of mutual interest.
2. The two Governments will add any GIs of the UK or Korea that are added to the Korea-EU FTA before it ceases to apply to the UK, to the Korea-UK FTA.

3. Given that any implementation period agreed between the UK and the EU will be for a limited time only, should it not be possible for Korea and the UK to conclude negotiations during an implementation period despite their best efforts to do so, the agreed Korea-UK FTA, in substantially the form signed between Korea and the UK, will be brought into force at the end of the implementation period until a revised agreement can be agreed and brought into force. Such an agreement may include any modifications that may be agreed between Korea and the UK during the implementation period, without prejudice to the domestic procedures that the Governments may need to go through.

I propose that this letter and your letter in reply reflect the shared understanding of both governments and do not create any legally binding obligations under international law.

I have the further honour to confirm that Her Majesty's Government shares this understanding and acknowledges that is not intended as a legally binding document and does not create any legally binding obligations under international law.

Sincerely,
The Rt Hon Elizabeth Truss MP
Secretary of State, Department for
International Trade
& President of the Board of Trade
United Kingdom of Great Britain
and Northern Ireland

Exchange of Letters covering wider areas of co-operation outside of the agreement

22 August 2019

THE RT HON ELIZABETH TRUSS MP
Secretary of State, Department for International Trade
& President of the Board of Trade
United Kingdom of Great Britain and Northern Ireland

Dear Secretary Truss,

I have the honour to confirm the following understanding reached between the delegations of the Republic of Korea (“Korea”) and the United Kingdom of Great Britain and Northern Ireland (“the United Kingdom”) in the course of trade working group discussions to agree on the Free Trade Agreement between Korea and the United Kingdom (“the Agreement”).

Korea and the United Kingdom acknowledged that the business community plays a significant role in their economies by contributing toward economic growth, job creation and innovation and that it is in their mutual interests to further strengthen bilateral economic and trade relations by facilitating trade, promoting cooperation and improving the business environment.

Korea and the United Kingdom will give consideration to the most appropriate dialogue channels within the bilateral relationship, including the JETCO, the Trade Working Group, and any institutional arrangements of the Agreement after it enters into force, in order to progress the specific initiatives and commitments detailed in the attached Annex.

Korea and the United Kingdom commit to continued discussion in appropriate fora to seek ways to help Korean/UK businesses address specific issues arising from the United Kingdom’s exit from the European Union.

Discussions would be led by appropriate representatives of their respective governments, including the Ministry of Trade, Industry and Energy of Korea and the Department for International Trade of the United Kingdom.

This letter represents the shared understanding of Korea and the United Kingdom but is not intended as a legally binding document and does not create any legally binding obligations under international law. I look forward to your response confirming this understanding.

Sincerely,
Yoo Myung-hee
Minister for Trade
Ministry of Trade, Industry and Energy
Republic of Korea

22 August 2019

THE HONORABLE YOO MYUNG-HEE
Minister for Trade
Ministry of Trade, Industry and Energy
Republic of Korea

Dear Minister Yoo:

I have the honour to acknowledge receipt of your letter of this date, which reads as follows:

I have the honour to confirm the following understanding reached between the delegations of the Republic of Korea (“Korea”) and the United Kingdom of Great Britain and Northern Ireland (“the United Kingdom”) in the course of trade working group discussions to agree on the Free Trade Agreement between Korea and the United Kingdom (“the Agreement”).

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Discussions would be led by appropriate representatives of their respective governments, including the Ministry of Trade, Industry and Energy of Korea and the Department for International Trade of the United Kingdom.

This letter represents the shared understanding of Korea and the United Kingdom but is not intended as a legally binding document and does not create any legally binding obligations under international law. I look forward to your response confirming this understanding.

I have the further honour to confirm that Her Majesty’s Government shares this understanding and acknowledges that is not intended as a legally binding document and does not create any legally binding obligations under international law

Sincerely,
The Rt Hon Elizabeth Truss MP
Secretary of State, Department for International Trade
& President of the Board of Trade
United Kingdom of Great Britain and Northern Ireland

Annex to the Exchange of Letters covering wider areas of co-operation outside of the agreement

1. Industry, innovation and technology

- The Governments will promote industrial and technological cooperation in areas including, but are not limited to, the Industrial Strategy of the United Kingdom and the Fourth Industrial Revolution Strategy of the Republic of Korea.
- The Governments will deepen and strengthen bilateral cooperation in Research and Development (R&D) building upon the existing initiatives, including potential co-funding for an R&D program in the field of future technologies such as Artificial Intelligence (AI), big data, systemic semiconductors, future car technologies, and bio-technology.
- The Governments endeavour to collaborate in the areas of human exchanges in high-technology to the extent practicable, including the continued facilitation of exchanges through diverse initiatives such as the Chevening scholarship programme.

2. Small and Medium Enterprises (SMEs)

The United Kingdom will encourage and support business opportunities for Korean Small and Medium Enterprises (SMEs) and start-ups in the United Kingdom through initiatives including:

- Organising a government-government workshop to share information about UK/Korea SME populations, opportunities and challenges;
- Launching a 'Tech Rocketship' competition to identify and support the internationalization of promising Korean start-ups and SMEs with products/services aligned to the Industrial Strategy. Twenty finalists will receive one to one mentoring from one of the UK Global Entrepreneurship Partner (GEP) Deal Makers and the winners a bespoke visit programme to the UK; and
- Fostering collaboration between the relevant UK institutions and their Korean counterparts aimed at growing venture capital and driving mutually beneficial tech partnerships to support SMEs. This will be taken forward through an exchange of information and expertise on the availability of venture capital and an exploration of opportunities for partnerships.

3. Energy

- The Governments will promote cooperation between public and private sectors of the Parties in the field of energy, including nuclear power, offshore wind, and solar, to mitigate the effects of climate change and accelerate the low carbon transition to renewable energy and hydrogen economy.
- The Governments will encourage and support business opportunities in the field of energy including hydrogen economy and enhance dialogue on energy through projects, technological cooperation, workshops, training, field visits and other appropriate forms including exchange of experts.

4. Agriculture

- The Governments will deepen and strengthen bilateral co-operation in the Agri-Tech sector, including sharing best practice on the development of innovation clusters in order to overcome shared challenges such as the transition of technology from research laboratory to the field for use by farmers.
- The United Kingdom will host a study visit to the REAP conference in Cambridge in November arranging a bespoke visit programme for a Korean delegation to share best practice and explore innovative ideas in the Agri-tech sector.

The United Kingdom will host an Agri-Tech Forum with the participation of UK and Korean representatives of the agricultural industry, business community, academia and government officials to encourage knowledge-sharing, promote trade missions and improve market access in the agricultural sector.

5. Automotive

The Governments will facilitate partnerships between relevant associations, for instance between the Korea Automobile Manufacturers Association (KAMA) and the Society of Motor Manufacturers and Traders (SMMT) of the United Kingdom, to improve mutual understanding of the market situation and regulatory developments.

6. Other areas

- The Governments may share and exchange our respective knowledge and experience in trade policy.

Exchange of Letters covering procurement and the GPA

22 August 2019

THE HONORABLE YOO MYUNG-HEE
Minister for Trade
Ministry of Trade, Industry and Energy
Republic of Korea

Dear Minister Yoo:

On behalf of Her Majesty's Government, I would like to thank you for the positive and constructive discussions on our accession to the WTO Agreement on Government Procurement (GPA). I am delighted to hear that Korea was able to agree our market access offer and accession at the GPA Committee meeting on 27 February 2019. This is an important step in making a success of the future trading relationship between our two countries.

I understand from my officials that a significant level of engagement with other ministries and stakeholders was required for Korea to give the UK its agreement on 27 February. I wish to personally express my gratitude for the hard work and engagement in London and Seoul which contributed to this result. I understand that the issue of high-speed rail market access remains important for Korea. It concerns me that this issue is ongoing, given my predecessor's assurances that our high-speed rail market is already fully open to Korean bidders. My predecessor wrote to Minister Kim on 10 October 2018 outlining how the UK operates an open procurement regime driven by the principle of value for money. I expressed how keen we are to attract Korean businesses wishing to bid for UK public procurement contracts, including in the area of high-speed rail.

I am now writing to reiterate that the UK does not discriminate against Korean bidders wishing to access our high-speed rail market and has no intention of doing so in the future.

As we leave the EU, all our trading arrangements must ensure continuation of preferential market access between the UK and Korea, including via the GPA.

Subject to your confirmation that Korea will continue to support the UK's independent accession to the GPA, and once the Korea-UK FTA is signed, both sides will begin an expedited review of our respective offers in the area of high-speed rail with a view to achieving balanced market access. Both parties will actively consider this matter in the context of our future FTA negotiations. Any outcome could only be implemented after the UK has acceded to the GPA in our own right with our independent schedules in force.

I look forward to Korea's ongoing support on our GPA accession and to the conclusion of our bilateral trade discussions. We are very much looking forward to working with you in the GPA, the WTO and beyond as we leave the EU.

Sincerely,

The Rt Hon Elizabeth Truss MP

Secretary of State, Department for International Trade
& President of the Board of Trade
United Kingdom of Great Britain and Northern Ireland

22 August 2019

THE RT HON ELIZABETH TRUSS MP
Secretary of State, Department for International Trade
& President of the Board of Trade
United Kingdom of Great Britain and Northern Ireland

Dear Secretary Truss,

On behalf of my Government, I would like to congratulate you on the successful conclusion of negotiations regarding the accession of the United Kingdom (UK) to the WTO Agreement on Government Procurement (GPA) in its own right as the UK leaves the European Union (EU).

I highly appreciate the fruitful discussions regarding high-speed rail market access between both delegations from Korea and the UK within the framework of the WTO GPA and the Trade Working Group. This issue has been a top priority for Korea, and thus I am pleased to note that both delegations reached a mutually agreeable solution during the course of their discussions leading up to the Korea-UK FTA. Upon the receipt of your letter dated 22 August 2019, I would like to confirm on my Government's behalf that I share the following understanding with you.

Korea will continue to support the UK's independent accession to the WTO GPA, and once the Korea-UK FTA is signed, both sides will begin an expedited review of our respective offers in the area of high-speed rail with a view to achieving balanced market access. Both countries will actively consider this matter in the context of our future FTA negotiations. Any outcome could only be implemented after the UK has acceded to the GPA in its own right with its independent schedules in force. Meanwhile, I understand that the high-speed rail market in the UK is already fully open to Korean bidders and that the UK does not discriminate against Korean bidders wishing to access its high-speed rail market and has no intention of doing so in the future.

As the UK leaves the EU, all our trading arrangements must ensure continuation of preferential market access between Korea and the UK including the GPA. In this context, I look forward to a continued collaboration with you in the bilateral, plurilateral and multilateral trade fora.

Sincerely,

Yoo Myung-hee
Minister for Trade
Ministry of Trade, Industry and Energy
Republic of Korea

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