

## Trade and Investment Between Korea and EU After the Korea-EU FTA and Its Prospect

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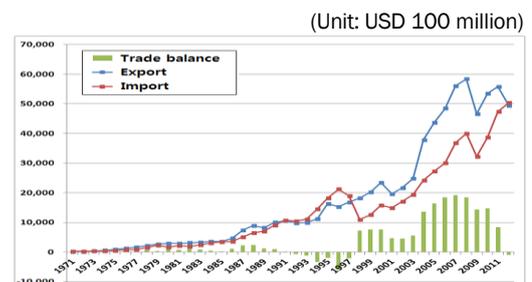
Yoo-Duk Kang, Head of Europe Team, Department of International Economies (ydkang@kiep.go.kr)  
 Jun Yeup Kim, Researcher, Europe Team, Department of International Economies (jykim@kiep.go.kr)

### 1. Trade and Investment Trend between Korea and EU

Bilateral trade between Korea and EU has been increasing with the exception of the period of the global financial crisis (2009) and Korea has enjoyed trade surplus since 1997. At the time when negotiations were launched for the Korea-EU FTA in 2007, EU was Korea's second largest trading partner and the site of the most significant trade surplus gain for Korea, whose trade balance amounted to USD 19.1 billion. Since the global financial crisis, Korea's trade surplus with EU, however, has been gradually decreasing. Korea's import from EU increased by 21.3% per year in the period of 2009–

2011, while its export to EU increased only at an annual rate of 9.3% in the same period of time. In 2012, Korea's export to EU was USD 49.4 billion, while its import from EU was reported to be USD 53.6 billion.

Figure 1. Korea's trade with EU



Source: Korea International Trade Association (KITA).

As a result, Korea recorded a trade deficit with EU for the first time after 1997. This is an unprecedented outcome in that Korea's trade balance with one trading partner had deteriorated by more than USD 20 billion over a 5-year period. The most important reason for this disappointing outcome is the economic recession in Europe.

Trade with 5 large European countries—Germany, France, the Netherlands, UK, and Italy (55% of EU's GDP)—makes up 64% of Korea's total trade with EU. Trade with 10 Eastern European countries comprises only 16%. However, Korea has suffered a trade deficit with Western European countries, including Germany, while it recorded trade surplus with Eastern European countries. Korea's trade deficit with Germany resulted from the huge amount of imports of automobile, auto parts, and machinery. This is a chronic situation similar to Korea's trade deficit with Japan, while Korea's trade deficit with Germany has been continuously increasing. By contrast, trade with Central and Eastern European Countries (CEECs) has recorded a significant amount of trade surplus, which points to the formation of the following trade structure: "Korea→CEECs→Western Europe." The amount of indirect exports to EU would be greater if exports from Korean factories in Eastern Europe to Western European nations are included.

**Table 1. Korea's trade with Western Europe**

(Unit: million USD)

		2008	2009	2010	2011	2012
Germany	X	10,523	8,821	10,702	9,501	7,510
	M	14,769	12,298	14,305	16,963	17,645
Netherlands	X	6,406	4,528	5,306	4,627	5,059
	M	3,240	2,060	4,189	4,426	3,994
United Kingdom	X	5,936	3,797	5,555	4,969	4,897
	M	3,637	2,896	3,266	3,818	6,367
France	X	3,496	2,911	3,004	5,707	2,599
	M	4,877	4,006	4,283	6,315	4,924

Note: X and M refer to export and import, respectively.  
Source: Korea International Trade Association (KITA).

**Table 2. Korea's trade with CEECs**

(Unit: million USD)

		2008	2009	2010	2011	2012
Slovakia	X	3,462	3,137	4,424	4,103	4,624
	M	81	64	100	141	170
Poland	X	4,117	4,147	4,381	4,101	3,677
	M	307	234	274	376	535
Czech Republic	X	829	771	1,165	1,713	1,786
	M	395	337	329	501	572
Hungary	X	1,513	1,704	2,385	1,476	1,157
	M	361	304	401	471	475

Note: X and M refer to export and import, respectively.  
Source: Korea International Trade Association (KITA).

EU's annual investments in Korea have remained at about USD 3 billion despite large annual fluctuations. Investments from the Netherlands, UK, Germany, and France make up over 80% of the total investments. Among single economic blocs, EU is the largest foreign investor in Korea (43%), investing USD 2.4–4.4 billion annually over the past decade, with investments mostly from Western European countries. Most investments are concentrated in the service sector, particularly in the sector of finance, banking, and insurance, because of M&A of Korean financial companies and banks by large European firms. Recently, large-scale M&A reduced in number, while share of manufacture increased particularly in chemicals. Korea's investments in EU recorded a total of USD 3.2 billion annually in the 2006–2012 period and it marked a considerable fall in 2010–2012. Recently, however, it shows an upward change. Generally, Korea's investments in Europe are concentrated in the manufacturing industry. In particular, investments in Eastern Europe are mainly in manufacturing industries.

## 2. Changes in Bilateral Trade and Investment Since the FTA

### A. Change in Trade

Korea's export to EU reduced by 16.3% (↓ USD 9.5 billion) for 2 years after the FTA. This is a contrasting figure to the increase in exports to the ASEAN (↑ USD 20.7 billion) and China (↑ USD 15 billion) during the same period. The export to EU fell by 12.3% for the first year of the FTA and by 4.7% for the second year. Among Korea's trade partners, EU is the only one for which export reduced for 2 consecutive years, while the fall in exports to France, Germany, and Italy remains salient.

**Table 3. Korea's export change during the implementation of the Korea-EU FTA**

	Export (USD 100 million)			Changes (%)		
	1 year before <sup>1)</sup>	1 <sup>st</sup> Year <sup>2)</sup>	2 <sup>nd</sup> Year <sup>3)</sup>	1 <sup>st</sup> year	2 <sup>nd</sup> year	2 years <sup>4)</sup>
EU	578.9	507.9	484.3	-12.3	-4.7	-16.3
China	1,255.6	1,331.8	1,405.1	6.1	5.5	11.9
Japan	343.3	401.0	365.7	16.8	-8.8	6.5
USA	541.5	590.6	591.4	9.1	0.1	9.2
India	125.2	124.6	116.2	-0.5	-6.7	-7.2
ASEAN	622.1	754.7	829.2	21.3	9.9	33.3
MERCOSUR	116.6	127.7	108.3	9.5	-15.3	-7.2
Total export	5,186.5	5,566.0	5,495.4	7.3	-1.3	6.0

Note: 1) 1 year before: July 2010 to June 2011, 2) 1st year: July 2011 to June 2012, 3) 2nd year: July 2012 to June 2013, 4) 2 years: change in exports from 1 year before (July 2010 to June 2011) and the 2nd year (July 2012 to June 2013).

Source: Korea International Trade Association (KITA).

By contrast, Korea's import from EU increased by 22.2% for 2 years of the FTA, which outpaced Korea's overall import increase of 6.8%. The import from EU increased by 13.1% for the first year of the FTA and by 8.0% for the second year. The first year's increase rather conforms to the general trend of Korea's increase in imports from all over the

world (10.5%). However, the increase in import from EU for the second year is noteworthy in that Korea's overall import reduced by 3.4% for the same period. It means that the tariff cuts for European products worked favorably for European exports to the Korean market.

**Table 4. Korea's import change during the implementation of the Korea-EU FTA**

	Import (USD 100 million)			Changes (%)		
	1 year before <sup>1)</sup>	1 <sup>st</sup> Year <sup>2)</sup>	2 <sup>nd</sup> Year <sup>3)</sup>	1 <sup>st</sup> year	2 <sup>nd</sup> year	2 years <sup>4)</sup>
EU	433.7	490.6	530.0	13.1	8.0	22.2
China	809.9	837.7	812.7	3.4	-3.0	0.3
Japan	676.1	668.0	621.5	-1.2	-7.0	-8.1
USA	424.2	457.3	408.2	7.8	-10.7	-3.8
India	68.4	73.2	65.9	7.1	-10.0	-3.7
ASEAN	487.5	534.7	516.4	9.7	-3.4	5.9
MERCOSUR	69.2	80.0	72.5	15.6	-9.4	4.7
Total import	4,796.7	5,302.7	5,121.1	10.5	-3.4	6.8

Note: 1) 1 year before: July 2010 to June 2011, 2) 1st year: July 2011 to June 2012, 3) 2nd year: July 2012 to June 2013, 4) 2 years: change in exports from 1 year before (July 2010 to June 2011) and the 2nd year (July 2012 to June 2013).

Source: Korea International Trade Association (KITA).

From 2012, major countries, with a notable exception of the U.S., have marked a decrease in exports to EU. According to Eurostat statistics, during the 2 years of the Korea-EU FTA (July 2011 to June 2013), East Asian countries, including Korea (-6.8%), China (-5.0%), Japan (-15.3%), and Taiwan (-17.4%), have experienced a marked decrease in exports to EU (Table 5). It is noteworthy that all East Asian economies experienced a decrease in export to EU. They have common features in that they are specialized in export in manufacturing sectors. The sharp fall in domestic demands of EU has undoubtedly exerted a very negative influence on the export to EU of East Asian countries that have a high export share in manufacturing industries.

**Table 5. Change in export to EU during the implementation of the Korea-EU FTA**

	Export (EUR 100 million)			Changes (%)		
	1 year before <sup>1)</sup>	1 <sup>st</sup> Year <sup>2)</sup>	2 <sup>nd</sup> Year <sup>3)</sup>	1 <sup>st</sup> year	2 <sup>nd</sup> year	2 years <sup>4)</sup>
Korea	380	375	329	-1.5	-0.9	-6.8
China	2,985	2,987	2,609	0.1	-5.0	-5.0
Japan	693	677	542	-2.2	-13.0	-15.3
Taiwan	258	235	196	-9.1	-8.3	-17.4
India	378	377	350	-0.1	0.5	1.9
USA	1,855	1,974	1,830	6.4	1.4	7.9
Extra EU 27	16,623	17,590	16,002	5.8	-0.7	5.2

Note: 1) 1 year before: July 2010 to June 2011, 2) 1st year: July 2011 to June 2012, 3) 2nd year: July 2012 to May 2013 (11 months), 4) 2 years: change in exports from 1 year before (July 2010 to May 2011) and the 2nd year (July 2012 to May 2013).

Source: Eurostat.

As far as the import from EU is concerned, it is clear that Korea's import from EU increased distinguishably compared to the import of other East Asian countries from EU. Particularly, for the second year, the increasing trend of China and Japan's import from EU was attenuated, while Korea's import increase remained high. This suggests that the FTA contributed to the increase of EU's export to Korea.

**Table 6. Change in import from EU during the implementation of the Korea-EU FTA**

	Import (EUR 100 million)			Changes (%)		
	1 year before <sup>1)</sup>	1 <sup>st</sup> Year <sup>2)</sup>	2 <sup>nd</sup> Year <sup>3)</sup>	1 <sup>st</sup> year	2 <sup>nd</sup> year	2 years <sup>4)</sup>
Korea	306	348	349	13.8	10.3	24.1
China	1,258	1,417	1,303	12.6	1.3	13.5
Japan	465	524	505	12.8	6.3	18.5
Taiwan	163	154	146	-5.5	3.4	-2.8
India	391	386	348	-1.4	-2.0	-1.7
USA	2,589	2,756	2,662	6.5	6.3	12.1
Extra EU 27	14,841	16,094	15,858	8.4	8.4	16.8

Note: 1) 1 year before: July 2010 to June 2011, 2) 1st year: July 2011 to June 2012, 3) 2nd year: July 2012 to May 2013 (11 months), 4) 2 years: change in exports from 1 year before (July 2010 to May 2011) and the 2nd year (July 2012 to May 2013).

Source: Eurostat.

## B. Change in Investment

After the Korea-EU FTA, investment from EU did not show a particular rise or fall. It increased by 14.3% for the first year but fell in the second year. European firms (German and French) carried out their investment plans to Korea prior to the FTA and this created a base effect in statistics. However, a more fundamental reason for the subdued investment is the low investment sentiment among European firms caused by the ongoing deleveraging and deterioration of the credit condition in Europe. Investment in EU has shown negative growth for 8 consecutive quarters since the second quarter of 2011. There is no particular incentive for European firms to increase their investment in foreign markets. Given that FTAs with large trade partners contribute to expanding markets under free-tariff access and improving the business environment, it is necessary to review not only the investment from the FTA partners, but from other partners as well. Since the entry into effect of the Korea-EU FTA, investment from other countries recorded a large increase for the same period. Investment from the U.S. and Japan grew by 83% and 38.5%, respectively.

**Table 7. Inward FDI to Korea during the implementation of the Korea-EU FTA**

	Investment (EUR 100 million)			Changes (%)			
	1 year before <sup>1)</sup>	1 <sup>st</sup> Year <sup>2)</sup>	2 <sup>nd</sup> Year <sup>3)</sup>	1 year before	1 <sup>st</sup> year	2 <sup>nd</sup> year	2 years <sup>4)</sup>
<b>EU</b>	3,837	4,386	3,801	-21.8	14.3	-13.4	-0.9
Germany	891	966	410	246.4	8.4	-57.6	-54.0
Netherlands	909	988	588	-58.9	8.7	-40.5	-35.3
UK	1,000	638	110	-21.2	-36.2	-82.8	-89.0
France	228	233	317	235.3	1.9	36.1	38.7
<b>USA</b>	2,697	2,517	4,936	112.4	-6.7	96.1	83.0
<b>Japan</b>	2,353	4,035	3,259	71.0	71.5	-19.2	38.5
<b>Others</b>	776	1,056	498	29.5	36.1	-52.8	-35.8
<b>OECD</b>							

Note: 1) 1 year before: July 2010 to June 2011, 2) 1st year: July 2011 to June 2012, 3) 2nd year: July 2012 to June 2013, 4) 2 years: change in exports from 1 year before (July 2010 to June 2011) and the 2nd year (July 2012 to June 2013).

Source: Ministry of Industry, Trade and Energy.

### 3. Changes in Trade at the Product Level

To analyze the export and import performance between Korea and EU in the first and second year of the Korea-EU FTA, 30 major exported and imported goods (filtered by 4-digit HS codes) from Korea to EU and from EU to Korea are chosen. Then, 2 measures—Korea's export/import growth rate and EU's import/export growth rate—on those 30 items are compared. The results would be evaluated that each trade performance is good if the former is higher than the latter. For the reference, the complete calculation sets of the 30 major items are provided at the Appendix.

#### A. Export from Korea to EU

Since July 2011, when the Korea-EU FTA entered into force, export of motor vehicles, parts for engines, synthetic staple fibers, and electric storage batteries from Korea to EU has increased. However, export of vessels and electric machinery has decreased somewhat drastically. With a closer look, 14 items among 30 major exports from Korea to EU recorded positive growth rate in the second year of the Korea-EU FTA. Furthermore, 6 items, which have a positive growth rate both in the first and second year of the Korea-EU FTA, show the level of export growth rate above the level of import growth of EU on the same goods.<sup>1</sup>

By contrast, the other 16 items (among 30 major exports) record a negative export growth rate in the second year of the Korea-EU FTA. Moreover, export growth rate of 15 items of Korea, including 8 goods that have a negative growth rate both in the first and second year of the Korea-EU FTA, is shown

<sup>1</sup> Motor vehicles, polyethers, synthetic staple fibers, electric storage batteries, air or vacuum pumps, and parts for engines.

below the level of EU's import growth rate on the same goods.

#### B. Import from EU to EU

In the second year of the Korea-EU FTA, 20 items among 30 major imports from EU to Korea record a positive import growth rate. Moreover, import growth rate of 9 goods (from EU to Korea) included in the 15 items, which show a positive growth rate both in the first and second year of the Korea-EU FTA, records above export growth rate of EU (in the second year of the Korea-EU FTA). In particular, 5 imports from EU to Korea among those 9 goods seem to benefit more from the Korea-EU FTA.<sup>2</sup> The reason is that the import growth rate of these goods is also above the export growth rate of EU in the first year of the Korea-EU FTA.

These 5 imports that show an import growth rate that is negative in the first year of the Korea-EU FTA but positive in the second year seem to be relatively more affected by the basis effect.<sup>3</sup> The reason for this is that the growth rates of the 5 goods are lower than the export growth rates of EU in the first year of the Korea-EU FTA. However, it is vice versa in the second year of the Korea-EU FTA.

Meanwhile, the other 10 goods (among 30 major imports) record a negative import growth rate in the second year of the Korea-EU FTA. Among these 10 imports, the growth rate of the 7 imports of Korea, which have a negative growth rate both in the first and second year of the Korea-EU FTA, performed below the level of EU's export growth rate on the same goods.<sup>4</sup>

<sup>2</sup> Oil from petrol, equipment-related oil pressure, measurement machines, diesel engine, and electric motors and generators.

<sup>3</sup> Machines etc., having individual functions nesoi, electronic integrated circuits, air or vacuum pumps, human blood, animal blood, antisera, vaccines etc., and machinery parts.

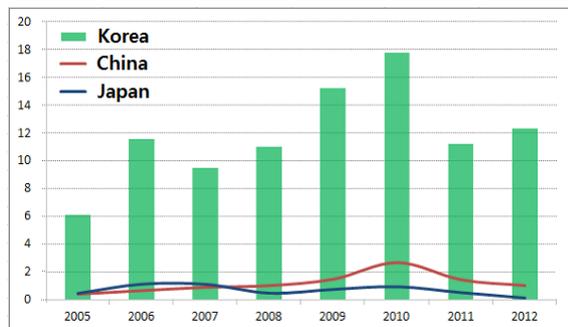
<sup>4</sup> Parts for engines, ferrous waste and scrap, beauty (makeup),

## 4. Prospects and Policy Recommendation

### A. Prospects

Korea's exports to EU decreased by 12.3% for the first year and by 4.7% in the second year. Its imports from EU, however, increased by 13.1% and 8.0% for the first and second year. In order to evaluate this unequal result in export and import, it is important to note the following circumstances: first, Korea and EU have recorded very different patterns of economic growth during the period of the FTA implementation. Korea's GDP growth rate was 2% point higher than that of EU. This means that Korea's demand for imports should be higher than that of EU. Most East Asian countries recorded a fall in their export to EU, which confirms that the business cycle worked clearly for the asymmetric results in export and import.

**Figure 2. Share of ship (HS 89) in total export to EU (%)**



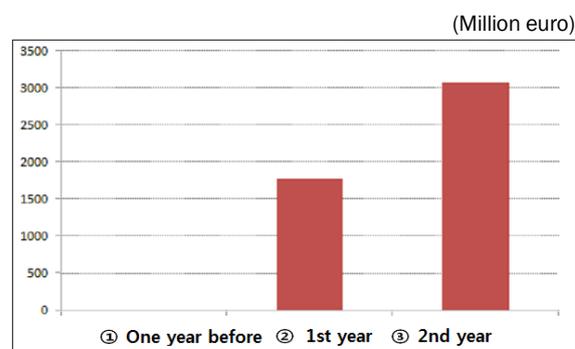
Source: Eurostat.

Second, Korea's export to EU is concentrated into a few sectors, such as ship (HS 89), automobile (HS 87) and electronics (HS 85). These 3 sectors represent almost 60% of Korea's total exports to EU, while exports of other countries are much more diversified. For in-

parts for elec apparatus, machines for manufacture of semiconductor boules or wafers, parts and access for motor vehicles, and elec apparatus.

stance, Korea's ship exports to EU reached USD 13.6 billion (25% of total export to EU) in 2010, but it dropped to USD 7.9 billion in 2012. For the first semester of 2013, ship exports to EU declined by 24% compared to the same period in 2012. This shows a unique pattern of trade that Korea conducts with EU. Ship exports of Japan and China to EU only accounts for 1% and 2.7%, and the drop in the new shipbuilding order in EU had a negligible impact on Japanese and Chinese exports to EU.

**Figure 3. Korea's import of crude oil from EU after the Korea-EU FTA**



Note: 1) 1 year before: July 2010 to June 2011, 2) 1st year: July 2011 to June 2012, 3) 2nd year: July 2012 to June 2013.

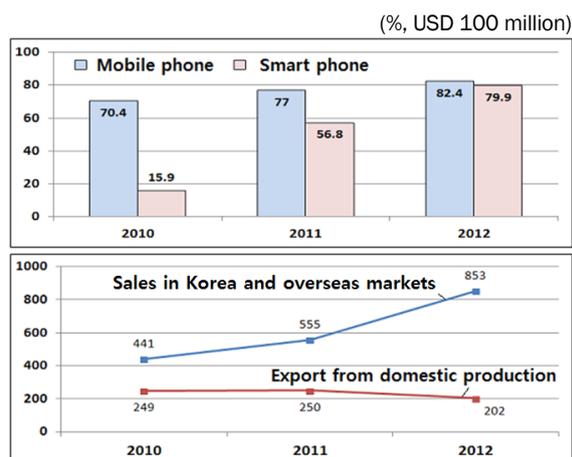
Source: Korea International Trade Association (KITA).

Third, it is often neglected that Korea started to import crude oil from the North Sea (Brent) in large amounts. Crude oil (HS 2709) and refined oil (HS 2710) accounted for less than 1% of Korea's total imports from EU before the FTA was implemented, but it increased by up to 17.2% (USD 6 billion) in 2013. An increase in oil imports is nothing new, but it resulted in a trade diversion effect after the immediate removal of tariffs (3%) on oil imports. So the increase in oil imports from EU did not cause Korea's overall trade deficit. Moreover, one-third of Korea's imports of crude oil are for reexport purpose after refinement.

Fourth, the weakening value of the euro (since mid-2011) exerted positive influence on EU's export in that European products are be-

coming cheaper outside of Europe. The reasons for the weakening of the euro can be explained by the decline of confidence and economic recession in the Eurozone and the lowest key interest rate since the introduction of the euro in 1999. As a consequence, the trade balance of the crisis-affected European countries has been considerably improved and Germany recorded its largest trade surplus in history. It is expected that the euro will remain in weak value for a while considering the economic situation in Eurozone. This will create a favorable trade environment for European exporters.

**Figure 4. Korean firms' production share of mobile phone / smartphone (upper) and change in sales/export (lower)**



Source: National IT Industry Promotion Agency.

Korean firms have relocated their production facility in China and Southeast Asia. This industrial relocation has been changing Korea's production and export pattern in manufacturing. As more products are produced in third countries by Korean firms, Korea's export in some manufacturing sectors (ex. mobile phone) has been falling, which is one of the reasons why Korea's export in electronics to EU reduced despite of the FTA.

## B. Policy Recommendation

FTAs aim eventually at facilitating economic growth and creating jobs by increasing trade and investment with FTA partners. In order to take full advantage of the FTAs, it is necessary to not only increase the utilization rate of tariff preferences, but also improve the business environment and productivity and upgrade industrial structures. With more countries committing themselves to comprehensive FTAs with EU and the U.S. and Korea relocating more of their production bases abroad, it is more likely that exports from domestic production will be replaced by overseas production. As a result, Korea's relative advantage as an early comer in the FTA is likely to be obsolete. In this context, it is necessary to increase the utilization rate of the FTAs in the short run and to use the FTA as occasions to strengthen industrial competitiveness in the long run.

Recent FTA negotiations of EU with the U.S. and Japan are expected to exert considerable influence on Korea's trade environment. Regarding the EU-U.S. FTA (TTIP), the FTA will affect the Korean economy because Korea has already entered separate FTAs with the U.S. and EU and both parties will attempt to adjust each other's FTAs.<sup>5</sup> For EU's FTA with Japan, the FTA will affect the Korean economy much more in terms of trade because Korean products are in competition with Japanese products in European markets. EU aims to remove the nontariff barriers of Japan via this FTA, which may turn in the improvement of market access for Korean firms to the Japanese market. It is therefore necessary for Korea to check ongoing negotiations of these FTAs and to review whether the future most-favored-nation treatment principle can be applied in the framework of both the Korea-U.S. and Korea-EU FTAs.

<sup>5</sup> Transatlantic Trade and Investment Partnership: TTIP.

## Appendix

Table AI. Thirty Major Exported Goods from Korea to EU

HS Code	Name of Items	Weight (%)	First year of the Korea-EU FTA (July 2011 to June 2012)			Second year of the Korea-EU FTA (July 2012 to June 2013)			First and Second Year Cumulative (July 2011 to June 2013)		
			①	②	①-②	①	②	①-②	①	②	①-②
Total		100.0	-12.27	5.81	-18.08	-4.65	-0.71	-3.94	-16.35	5.24	-21.59
Total Weight of 30 High-ranking Exported Goods		75.81	-18.79	-0.19	-18.60	-6.86	-2.28	-4.58	-24.36	-3.26	-21.10
<b>Growth Rate of Exported Goods from Korea to EU — First Year: Positive / Second Year: Positive</b>											
8703	motor vehicles	10.17	30.51	5.41	25.1	0.16	-3.76	3.92	30.72	0.19	30.54
3907	polyethers	0.99	1.42	-4.44	5.87	17.03	-4.10	21.14	18.70	-6.83	25.53
5503	synthetic staple fibers	0.57	8.63	-1.59	10.22	3.31	2.28	1.04	12.23	1.27	10.96
8507	electric storage batteries	0.56	30.71	8.65	22.06	24.44	-5.63	30.08	62.66	2.00	60.66
8414	air or vacuum pumps	0.47	30.73	2.38	28.36	1.40	-1.16	2.56	32.57	1.34	31.23
8409	parts for engines	0.46	65.50	14.96	50.54	23.26	-2.21	25.47	104.00	12.84	91.16
<b>Growth Rate of Exported Goods from Korea to EU — First Year: Positive / Second Year: Negative</b>											
8708	parts for motor vehicles	6.18	9.81	10.10	-0.29	-17.06	-1.99	-15.07	-8.92	7.81	-16.73
2710	oil from petrol	5.29	27.40	17.79	9.61	-11.69	3.02	-14.71	12.51	22.79	-10.28
4011	new pneumatic tire	1.48	14.71	15.66	-0.96	-18.3	-13.06	-5.23	-6.28	2.43	-8.71
8429	load & unload heavy machinery	0.99	23.53	27.04	-3.51	-21.69	-24.59	2.90	-3.27	-5.63	2.36
8431	parts for machinery	0.68	18.18	21.00	-2.82	-32.69	-10.12	-22.57	-20.45	9.37	-29.83
9001	optical fibers	0.64	9.01	-4.71	13.73	-10.85	2.02	-12.87	-2.82	-2.69	-0.12
4002	synthetic rubber	0.52	18.99	21.73	-2.74	-19.5	-19.49	-0.02	-4.22	1.61	-5.83
8207	interchange tools	0.48	37.80	15.43	22.36	-0.35	8.16	-8.51	37.32	24.50	12.82
<b>Growth Rate of Exported Goods from Korea to EU — First Year: Negative / Second Year: Positive</b>											
9013	LCD	5.93	-17.63	6.30	-23.92	3.89	-10.65	14.54	-14.42	-2.95	-11.46
8517	elec apparatus	4.61	-40.41	7.92	-48.32	36.04	9.09	26.94	-18.93	16.46	-35.39
8905	light-vessels	4.59	-86.05	191.41	-277.46	234.26	-75.31	309.57	-53.36	-77.39	24.03
7210	flat-roll iron	1.39	-1.05	-13.62	12.58	1.46	-13.64	15.10	0.39	-23.14	23.54
8471	automatic data process machines	1.01	-21.48	4.59	-26.07	25.05	7.44	17.61	-1.82	10.57	-12.38
7219	flat-roll stainless steel products	0.65	-26.43	-16.23	-10.2	5.08	0.69	4.39	-22.69	-15.25	-7.44
3903	polymers of styrene	0.57	-5.81	-12.69	6.88	19.48	6.38	13.1	12.54	-6.33	18.87
8418	equipment for hospital	0.53	-12.54	-2.23	-10.31	4.04	5.27	-1.23	-9.00	2.31	-11.31
<b>Growth Rate of Exported Goods from Korea to EU — First Year: Negative / Second Year: Negative</b>											
8901	vessels	17.87	-39.29	-38.51	-0.78	-29.3	-23.14	-6.16	-57.08	-52.68	-4.40
8529	parts for television, radio and radar apparatus	3.04	-20.19	-24.09	3.90	-8.97	-3.10	-5.87	-27.35	-28.92	1.57
8541	semiconductor devices	1.75	-59.31	-38.11	-21.2	-68.73	-41.47	-27.26	-87.28	-64.34	-22.93
8542	electronic integrated circuits	1.42	-23.36	-21.29	-2.07	-3.21	0.85	-4.06	-25.82	-22.04	-3.78
8473	parts for office machines	1.15	-44.53	-3.19	-41.34	-7.37	-5.91	-1.46	-48.62	-9.66	-38.95
8479	machines etc	0.67	-1.66	5.06	-6.72	-25.92	-8.75	-17.16	-27.15	-3.53	-23.62
8443	printing machinery	0.60	-7.43	-10.49	3.06	-36.42	-6.40	-30.02	-41.14	-17.88	-23.26
8528	monitors & proj receivers	0.54	-24.72	16.69	-41.41	-14.55	-5.77	-8.78	-35.67	9.02	-44.69

Note: 1) Names of items are simplified for readability. Please refer to the HS code reference book for the complete version of the names.

2) ① Export Growth Rate from Korea to EU

- First Year of the Korea-EU FTA: Change of Export Volume Between [July 2010 to June 2011] and [July 2011 to June 2012]

- Second Year of the Korea-EU FTA: Change of Export Volume Between [July 2011 to June 2012] and [July 2012 to June 2013]

3) ② Total Import Growth Rate of EU

- First Year of the Korea-EU FTA: Change of Import Volume Between [July 2010 to May 2011] and [July 2011 to May 2012]

- Second Year of the Korea-EU FTA: Change of Import Volume Between [July 2011 to May 2012] and [July 2012 to May 2013]

4) Thirty High-ranking Exported Goods are based on the cumulative export volume from Korea to EU in 2011

Reference: Korea International Trade Association (KITA, 2013. 7); Eurostat (2013. 7).

Table A2. Thirty Major Imported Goods from EU to Korea

HS Code	Name of Items	Weight (%)	First year of the Korea-EU FTA (July 2011 to June 2012)			Second year of the Korea-EU FTA (July 2012 to June 2013)			First and Second Year Cumulative (July 2011 to June 2013)		
			①	②	①-②	①	②	①-②	①	②	①-②
Total		100.0	13.12	8.44	4.68	8.02	8.38	-0.36	22.19	16.76	5.43
Total Weight of 30 High-ranking Exported Goods		48.50	18.21	10.52	7.69	9.04	7.89	1.15	28.89	18.48	10.41
<b>Growth Rate of the Imported Goods from EU to Korea — First Year: Positive / Second Year: Positive</b>											
8703	motor vehicles	5.66	12.53	15.60	-3.07	26.93	20.98	5.95	42.83	24.82	18.01
3004	medicaments nesoi	2.99	10.36	4.22	6.13	1.22	10.26	-9.04	11.70	13.33	-1.64
4202	bags, cases, etc	1.73	20.20	24.90	-4.70	7.39	11.81	-4.42	29.08	40.26	-11.18
2710	oil from petrol	1.55	106.15	20.83	85.32	166.03	9.02	157.01	448.42	32.52	415.90
8483	transmission parts	1.32	27.43	7.74	19.68	0.15	3.22	-3.08	27.61	10.54	17.07
8413	pumps for liquids	1.32	21.05	7.37	13.69	7.45	9.21	-1.76	30.08	16.01	14.07
8481	equipment-related oil pressure	1.22	32.53	11.45	21.07	47.1	16.43	30.67	94.95	27.95	67.00
9031	measurement machines	1.11	4.81	-28.11	32.92	9.75	-33.68	43.43	15.03	21.60	-6.57
8408	diesel engine	1.07	11.97	6.17	5.79	10.31	2.49	7.81	23.50	9.17	14.33
9018	medical, surgical, dental or vet inst	0.79	2.53	7.34	-4.81	2.74	4.48	-1.74	5.34	22.56	-17.22
8421	centrifuges	0.75	22.33	13.68	8.65	7.08	10.00	-2.91	31.00	24.19	6.81
9032	automatic regulating or control instruments	0.72	7.07	8.05	-0.97	11.11	10.11	1.00	18.97	11.12	7.85
2709	crude oil	0.72		1.32	-1.32	72.78	4.98	67.81	-	-3.66	
8419	machinery etc for temp change treat	0.71	2.99	10.6	-7.62	20	9.75	10.25	23.58	20.64	2.94
8501	electric motors and generators	0.66	7.88	-4.06	11.94	18.1	6.71	11.38	27.40	19.46	7.93
<b>Growth Rate of the Imported Goods from EU to Korea — First Year: Positive / Second Year: Negative</b>											
8802	aircraft	2.77	176.99	8.31	168.68	-59.08	13.83	-72.9	13.35	37.73	-24.38
8409	parts for engines	1.75	14.11	14.72	-0.60	-3.65	-0.52	-3.13	9.95	14.39	-4.45
7204	ferrous waste & scrap	1.49	11.03	13.22	-2.19	-66.89	-24.94	-41.95	-63.24	-12.89	-50.34
0203	pork	1.30	52.11	29.08	23.03	-45.99	1.96	-47.95	-17.84	32.77	-50.62
3304	beauty, make-up	0.77	8.01	10.57	-2.55	-1.65	5.28	-6.93	6.23	15.95	-9.72
8538	parts for elec appar.	0.67	8.19	15.88	-7.69	-9.78	8.68	-18.46	-2.39	1.02	-3.41
8471	automatic data process machines	0.66	23.64	9.94	13.7	-1.18	17.2	-18.38	22.18	26.76	-4.58
<b>Growth Rate of the Imported Goods from EU to Korea — First Year: Negative / Second Year: Positive</b>											
8479	machines etc having individual functions nesoi	2.07	-15.44	9.69	-25.13	9.02	-0.12	9.14	-7.81	10.03	-17.85
8542	electronic integrated circuits	1.92	-3.33	9.06	-12.39	38.16	11.09	27.07	33.57	7.24	26.33
8414	air or vacuum pumps	1.35	-20.86	2.77	-23.63	27.68	9.72	17.96	1.04	11.12	-10.07
3002	human blood, animal blood, antisera, vaccines etc	0.86	-2.84	27.32	-30.16	15.82	6.83	8.99	12.53	36.65	-24.12
8487	Machinery Parts	0.81	-31.53	-10.26	-21.27	19.78	-6.09	25.87	-17.98	18.32	-36.30
<b>Growth Rate of the Imported Goods from EU to Korea — First Year: Negative / Second Year: Negative</b>											
8486	machines for manufacture of semiconductor boules or wafers	5.25	-1.34	12.78	-14.12	-57.93	6.41	-64.33	-58.49	-51.07	-7.42
8708	parts & access for motor vehicles	2.48	-10.91	10.82	-21.73	-11.46	11.42	-22.88	-21.12	20.41	-41.53
8517	elec apparatus	2.02	-41.94	4.50	-46.44	-55.74	3.99	-59.73	-74.30	-16.54	-57.76

Note: 1) Names of Items are simplified for readability. Please refer HS code reference book for the complete version of name.

2) ① Import Growth Rate from to Korea,

- First Year of the Korea-EU FTA: Change of Import Volume Between [July 2010 to June 2011] and [July 2011 to June 2012]

- Second Year of the Korea-EU FTA: Change of Import Volume Between [July 2011 to June 2012] and [July 2012 to June 2013]

3) ② Total Export Growth Rate of EU

- First Year of the Korea-EU FTA: Change of Export Volume Between [July 2010 to May 2011] and [July 2011 to May 2012]

- Second Year of the Korea-EU FTA: Change of Export Volume Between [July 2011 to May 2012] and [July 2012 to May 2013]

4) 30 High-ranking Imported Goods are based on cumulative export volume from Korea to EU in 2011

Reference: Korea International Trade Association (KITA, 2013. 7); Eurostat (2013. 7).