

Korea's Recent Policies for FTAs and FTA Utilization by Companies (Summary)

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Because of health risks due to the COVID-19 pandemic, economic activities as well as international trade negotiations are slowing. FTA negotiations with many sensitive matters require face-to-face negotiations, but under the current situation, it is not possible to proceed. Due to the various support policies of the ROK government, the average utilization ratio of its entire FTAs is about 70%, which is quite high compared with figures in other countries. As of April 2021, 17 FTAs had entered into force, establishing a free trade system with 56 countries. More than 80% of ROK's total trade has already been incorporated into its FTA system. Accordingly, the actual benefit of signing an additional FTA is inevitably lower than in the past. However, the importance of using FTAs is growing in a global trade environment aggravated by the COVID-19 risk and the US-China conflict. It is for this reason that ROK attaches great importance to supporting small and medium sized companies (SMEs) in utilizing its FTAs. In consideration of this point, this paper intends to discuss FTA policy in ROK, focusing on support for the utilization of FTAs. Chapter 2 will briefly review ROK's FTA policy and analyze FTA policy performance so far. Next, Chapter 3 examines the utilization of FTAs from various aspects, and finally, Chapter 4 proposes measures to improve the FTA utilization rate of SMEs in the coronavirus pandemic situation.

Keywords: FTA utilization, trade adjustment assistance (TAA), non-tariff barriers (NTB), trade remedies, Mega-FTA, cumulative origin regulations

JEL Classification Codes : F13, F15