Technical Barriers to Trade: Evidence from the Republic of Korea’s Automotive Sector

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Highlights

This policy brief reviews the recent usage of non-tariff measures (NTMs) in the automotive sector in the Republic of Korea, with a specific focus on technical barriers to trade (TBTs). Key findings:

• Technical barriers to trade are one of the most common forms of non-tariff measure affecting trade. TBTs refer to product regulations and standards, often introduced ostensibly for safety and environmental purposes.

• While TBTs often serve legitimate policy objectives their growing use since the global financial crisis raises concerns that they are increasingly deployed as a form of disguised protectionism.

• Some sectors are more affected by TBTs than others. In particular, those products with important implications for health, safety or the environment tend to face more TBTs—the automotive sector being a prominent case in point.

• Recent free trade agreements that the Republic of Korea has concluded with the European Union and United States have lowered tariffs on imported cars from these markets and also contained significant provisions on reducing NTMs, including TBTs.

• However, the share of imported cars in the Republic of Korea remains low at around 12% in 2013; imported cars remain 20%-30% more expensive than similar vehicles produced domestically. This is partially a result of TBTs and also due to the complex taxation system.

• Changes to environmental regulations and safety standards in the Republic of Korea since 2010 have also been questioned by some trading partners. In particular, partners have raised specific concerns over the lack of information provided and the short timespans between notification and implementation.

• A further reduction in Korean tariff and non-tariff barriers to trade in automobiles would increase competition in the sector and benefit Korean consumers by expanding choice and lowering prices.

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Introduction: Non-tariff measures since the global financial crisis

In recent years consumer demands for increased product safety and greater environmental protection have encouraged governments to tighten existing rules or introduce new policies. Countries have therefore adopted increasing numbers of technical regulations (which are mandatory) and standards (which are voluntary) (WTO, 2014a). These regulations and standards set out either the specific characteristics of a product—such as its shape, size or design and performance—or they can refer to the production process and methods used in its manufacture. Many of these instruments have consequences for trade because exporters seeking market access for their products need to: identify and understand the requirements; potentially update their products or processes if standards are not being met; and produce evidence to demonstrate compliance with the regulations or standards. Together the costs involved in performing these steps can be onerous. Further, when standards differ significantly between countries, this can cause additional costs and complications as exporting to different markets would require parallel processes and thus reduce economies of scale. As compliance costs are often fixed, such policies are a particular barrier for small firms. In the context of trade these types of regulation are known as Technical Barriers to Trade (TBTs), these are one form of trade barriers within the wider category of non-tariff measures (NTMs).

TBTs are generally introduced in pursuit of legitimate policy objectives such as the protection of public health and safety. However, where TBTs impose requirements that are in excess of those needed to meet their professed objectives or in cases where they are deployed as a form of ‘disguised’ protectionism they can have a restrictive and distortionary effect on international trade. The economic slowdown induced by the global financial crisis has been accompanied by a rise in the deployment of trade-restrictive measures as governments have responded to pressures to protect domestic producers (GTA, 2014). Import tariffs—the most transparent form of trade-restrictive measure—have been used less than other NTMs including technical barriers to trade (TBTs) and sanitary and phytosanitary measures (WTO, 2012). As with other forms of protectionism, this can impose costs not only on foreign producers but also on domestic consumers and importers who are denied the benefits of cheaper or more varied imported products.

**Figure 1: Classification of non-tariff measures**

Source: UNCTAD (2009b)
NTMs are less transparent than tariffs as they are not consistently monitored. The nature of NTMs—often complex pieces of regulation—also makes it harder to assess their impacts on trade. This makes comparisons of consequences for trade more difficult to make, both when comparing different regulations within a single country and when evaluating relative levels of restrictiveness across countries. While there is no single agreed definition of what does and does not constitute a non-tariff measure, they have been broadly described as “policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both” (UNCTAD, 2009a). One recent attempt by the WTO, UNCTAD and other agencies to devise a more comprehensive classification system divides NTMs related to imports into ‘technical’ and ‘non-technical’ measures; and then separately considers measures affecting exports (see figure 1). This classification system covers both NTMs where data is collected through notification to the WTO (or alternative methods) and others where no systematic collection takes place.

TBTs are thus one of the most important and widely used types of NTM. Typical TBTs might involve regulations and standards governing: the labelling of composition or quality of food, drink and drugs; quality requirements for fresh food; the volume, shape and appearance of packaging; or testing requirements for vehicles. Some NTMs are covered by WTO disciplines which impose limitations on their usage by member states. For example the WTO Agreement on Technical Barriers to Trade, which came into force in 1995, deals with various product standards and technical regulations and procedures required to meet these standards, such as certification or testing (see box 1 for detail). The main goal of this agreement is to ensure that domestic technical standards do not create unnecessary obstacles to international trade while recognizing the right of members to take action for public purposes.

**Box 1: The WTO Agreement on Technical Barriers to Trade**

The TBT agreement was adopted as part of the Uruguay Round of negotiations and came into force in 1995, replacing an earlier plurilateral agreement. In terms of content, the agreement covers domestic technical standards—for instance packaging, marking and labelling requirements—and certification procedures. It imposes disciplines on members’ use of TBTs, seeking to ensure that as a general rule TBTs should not be implemented in such a way as to pose unnecessary obstacles to trade. The agreement thus attempts to prohibit “regulatory protectionism” while providing members with sufficient regulatory autonomy to pursue necessary domestic policy objectives.

The agreement recognizes the right of members to adopt regulations that potentially affect international trade. However, actions are disciplined according to three principles: non-discrimination, transparency and proportionality. These are realized by rules governing:

- the process of adoption of the measures and on their implementation;
- the proportionality of the measures to the objective sought;
- the necessity of the measures.

Overall, the agreement seeks to avoid the imposition of unnecessary obstacles to trade which could result when (i) a regulation is more restrictive than necessary to achieve a given policy objective, or (ii) when it does not fulfil a legitimate objective. A regulation is more restrictive than necessary when the objective pursued can be achieved through alternative measures which have less trade-restricting effects. Further, recognizing that having international standards can provide benefits for consumers and producers, the TBT agreement also encourages WTO
members to adopt existing international standards for their national regulations in whole or in part, unless their use would be ineffective or inappropriate for the achievement of the policy objective. Members are also expected to play a full part in the preparation of international standards for products for which they either have adopted, or expect to adopt, technical regulations.

The TBT Agreement also covers countries’ obligations in terms of provision of information on product standards, such as the creation of inquiry points. Moreover, whenever a country introduces a new technical barrier, which is not in accordance with the technical content of relevant international standards, and if the technical regulation may have a significant effect on the trade of other Members, the introducing member is obliged to: publish a notice in a publication at an early appropriate stage; notify other Members through the Secretariat of the products to be covered together with a brief indication of its objective and rationale; and allow reasonable time for other Members to make comments and take these into account. If a country believes another country is not complying with their obligations under the agreement they can take steps to address this. These begin with bilateral consultations and ultimately, if a resolution at earlier stages is not found, end with recourse to the WTO dispute settlement mechanism.

Source: World Trade Organization, Technical Barriers to Trade Agreement

WTO member states have been submitting an increasing number of TBT notifications (figure 2). Since 2008, more than 9649 notifications and 2953 addenda and corrigenda to notifications were submitted by members. In 2013, members submitted 1,626 new TBT notifications (including 26 revisions) or technical regulations and conformity assessment procedures along with 467 addenda and 42 corrigenda to these notifications (WTO, 2014b). However, it is likely that because of under-reporting of TBTs the true number of TBTs being introduced over this period is higher. Although the WTO maintains a system of notifications for new TBTs the intention behind this system is not to provide a comprehensive database of measures, instead it is to alert members to planned changes and provide a forum for members to see drafts of regulations while amendments are still possible. Thus the WTO’s notification requirements are not compulsory and there are no penalties for non-compliance (World Bank, 2013).

**TBTs in the automobile industry**

Automobiles injure many people annually through accidents; traffic pollution also has harmful effects on human health and the environment. Given the importance of these concerns, TBTs frequently affect the automobiles sector as governments attempt to improve vehicle safety and mitigate environmental impacts through regulation. For passenger cars (HS8703), the Integrated Trade Intelligence Portal (I-TIP) of the WTO shows that a significant numbers of new TBT notifications since 2007 affect passenger cars (figure 3). The impact of TBTs on access to the Republic of Korea’s automotive is considered in more detail below.

**The Republic of Korea’s automotive market**

The Republic of Korea (ROK) has emerged over the past two decades as a major automotive producer. Korean automotive brands like Hyundai and Kia, largely unknown in external markets until recently, are now household names. With a total domestic production of almost 4.5 million automobiles (of which 4.1

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1 Addenda refer to provisions that are added to the original texts, while corrigenda refer to corrections that are added to the original provisions.
Trade Insights

As with other heavy industries promoted during the ROK’s rapid industrialization, the automotive sector was allowed to develop to international standards of competitiveness while being sheltered by protective walls of tariffs and non-tariff measures. Until 2010, the most-favored nation (MFN) applied tariffs on automobiles ranged from 8% to 12%. NTMs were estimated to be much higher. In fact, the tariff equivalent value of NTMs in the car market has been estimated within the range of 22% to 59%. This is among the highest figure for any manufacturing sector in the ROK (CEPII/ATLAS, 2010). Notable NTMs included: costly approval procedures; complex tax structures; rules of origin; safety and environmental standards; and tax-auditing of buyers of foreign cars which discouraged consumers.

Although the Korean automotive market has progressively liberalized and tariffs have fallen, today non-tariff measures are still considered as a substantial barrier to enter the domestic market by foreign automobile producers. While the share of imported passenger cars has risen steadily since 2009 to stand at 12% in 2013, this remains substantially below the levels in other major markets such as Germany (30%), United States (55%) and China (60%). Only Japan has a lower share of imported vehicles at 7% (KAIDA, 2013).

The ROK has gradually opened its domestic automotive market to more foreign competition. Two significant landmarks were the signing of major free trade agreements (FTAs) with the European Union (KOREU) and the United States (KORUS). The former entered into force in 2011, and the latter in 2012 (as an extension of the original 2007 US-Korea FTA). Through these FTAs, tariffs on imported

Figure 2: Initiated TBTs notified to the WTO since 2007

Figure 3. Number of TBTs initiated globally on passenger vehicles

Source: WTO Committee on Technical Barriers to Trade, 2014

Source: WTO Integrated Trade Intelligence Portal (I-TIP) database, accessed July 2014

million are passenger cars), the ROK is the world’s fifth largest producer (figure 4). The auto industry accounts for 13.4% of total Korean exports and is the single largest employer, providing 1.4 million jobs (KAMA, 2014).
automobiles have been reduced from about 8% to 4% for US-produced cars. For EU-produced cars the tariff on large cars was reduced to 3.2% in July 2012 and to 5.3% for smaller cars.

**Figure 4: Vehicle production of selected Asian economies**

These are to be phased out by 2014 for EU exports of cars with large engines and 2015 for smaller cars. As tariffs have fallen since the implementation of the FTAs, imports have risen rapidly. Figure 5 shows that the market share of imported cars increased from around 8% in 2011, to around 12% in 2013. In the first half of 2014, imported cars made up 15% of the total market and by the end of the year it could reach close to 20%. Among the most popular imported cars, German premium brands dominate. BMW leads with 33,066 units sold in 2013, followed by Volkswagen (25,789 units), Mercedes-Benz (24,780), and Audi (20,044). These FTAs also contain provisions on reducing NTMs (see below for more details) but there are concerns that they remain relatively high.

**Figure 5. Market share of imported cars in ROK, per cent (2007-2014)**

Source: Korea Automobile Importers and Distribution Association
ROK runs a trade surplus with its main automobile trading partners. Of the 4.5 million automobiles produced in 2013, around 3 million were exported. Around 759,000 went to the US and 406,000 to the EU (table 1). During the same period, the US exported 31,654 automobiles to the ROK while the EU exported 114,290 units: an increase of 132% and 45% respectively since 2011. Korean auto producers are continuing to gain market share in the large US market. The recent fall in exports to the EU primarily reflects growing production of Korean-branded cars in Europe, not declining market share of Korean firms. Indeed, significant investment by Hyundai and Kia in production facilities in the Czech Republic and Slovakia, has resulted in approximately half the vehicles sold by these firms in Europe now being produced in EU-based plants (European Parliament, 2013).

Table 1: Automobiles imports and exports between EU, US and ROK

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<th>2012</th>
<th>2013</th>
<th>2011-2013 % change</th>
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<td><strong>Korean exports to:</strong></td>
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<tr>
<td>US</td>
<td>588181</td>
<td>693736</td>
<td>759385</td>
<td>29.1%</td>
</tr>
<tr>
<td>EU</td>
<td>426057</td>
<td>398223</td>
<td>406367</td>
<td>-4.6%</td>
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<tr>
<td><strong>Korean imports from:</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>13669</td>
<td>28361</td>
<td>31654</td>
<td>131.5%</td>
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<tr>
<td>EU</td>
<td>78807</td>
<td>99089</td>
<td>114290</td>
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Source: ESCAP calculation based on data from the Korean Automobiles Manufacturers Association (KAMA), Automobiles Report 2014

Mergers and acquisitions between Korean and foreign producers have also allowed the expansion of foreign production plants in ROK. There are three major foreign car manufacturers operating in the ROK: (i) General Motors Korea, owned by General Motors of the US, which purchased 42% equity in Daewoo; (ii) France’s Renault entered the Korean market by forming subsidiary with Samsung Motors in early 2000; and (iii) India’s Mahindra & Mahindra entered the Korean market in early 2011 by acquiring SsangYong, a local carmaker. These three accounted for about 10%, 7%, and 4% shares of the domestic car sales respectively (EIU, 2014).

**Treatment of NTMs in recent Korean free trade agreements**

The ad-valorem (tariff) equivalent of NTMs in the Korean automotive sectors was estimated, as noted above, at almost 60% (CEPII/ATLAS, 2010). Consequently, recognizing that improving market access required a reduction in NTMs—alongside tariff cuts—both the Korea-EU and Korea-US FTAs, contained NTM commitments from Korea, particularly on TBTs related to standards. For EU automotive producers, a critical issue was the willingness of Korean standards bodies to recognize international standards. In particular, EU producers wanted Korean recognition of UN-ECE (United Nations Economic Commission for Europe) standards as equivalent to and thus satisfying Korean standards. These demands were largely agreed to and KOREU contained the following provisions (European Parliament, 2013):

- Korean use of a list of UN-ECE standards that will be considered as equivalent to Korean
domestic standards. EU product safety standards are generally in line with international standards;
• Korea will align a further 29 standards with UN-ECE standards within 5 years;
• In cases where equivalence is not used, a Korean commitment to apply standards in a non-market restricting manner;
• Korean recognition of certain EU environmental standards; and
• Agreement to a specific sector Working Party for automobiles to address these and future technical barriers to trade

These steps would, it is estimated, reduce Korean NTMs by around 60% (CEPII/ATLAS). More recent evaluations, however, have considered this over optimistic. According to the European Commission: “Subsequently there has been some doubt about the readiness or ability of the Korea to hold to this position and there continues to be some uncertainty concerning Korea’s commitment to maintain the list of equivalent standards” (European Parliament, 2013). Four EU-Korean Working Groups have also been set up at the sectoral level to deal with NTBs as part of the FTA, including one on automobiles. However, so far little substantive progress has reportedly emerged.

The United States and the Republic of Korea signed the United States-Korea Free Trade Agreement (KORUS FTA) in 2007 although this was never ratified by the US Congress. New agreements signed in 2011 (which came into force in 2012), deepen the original commitments and respond to some of the concerns of Congress that the original agreement did not go far enough (USTR, 2011). Further reducing NTMs on the export of US automobiles to the Republic of Korea was a significant focus of the new agreement. In particular the 2011 agreements contained the following provisions:

• US manufacturers that sell 25,000 or fewer US-made autos and trucks in the Republic of Korea can import US-made vehicles by meeting US federal safety standards rather than certifying to Korean standards. This is almost four times higher than the number permitted under the 2007 agreement.
• US automobiles are to be considered compliant with new Korean environmental standards on fuel economy and greenhouse gas emissions (developed since the 2007 agreement) if they achieve targets within 19 percent of those in the ROK’s new regulations.
• Further to the streamlining of taxes agreed in 2007, under the 2011 agreement, the ROK committed to any future automotive taxes based on fuel economy or greenhouse gas emissions being adopted in a manner consistent with certain general transparency obligations contained in the 2007 agreement.
• The 2007 agreement establishes an early warning system for potential trade barriers. The 2011 agreement also creates a 12-month period between the time a final regulation is issued and the time auto companies must comply with it, giving companies additional adjustment time.

Recent concerns over TBTs in the Korean automotive sector

While tariffs have decreased as a result of the two FTAs with the EU and US, non-tariff measures are still considered an obstacle that can increase the relative price of imported cars despite the provisions outlined above. Indeed, it is estimated that imported cars are still 20-30% more expensive than similar vehicles produced domestically with part of this differential accounted for by NTMs (EIU, 2014). A number of factors beyond TBTs are also likely to deter consumers from purchasing imported cars. For instance, the repair costs are generally higher for imported cars because foreign brands have less established networks of dealers and garages. Consumers often report high prices for replacement parts in foreign cars and higher after-sales service fees (Financial Times, 2013). Likewise the complex tax regime for
automobiles—involving eleven separate charges—disproportionately raises the cost of imported cars and increases the effective rate of protection to above 12% (EIU, 2014).²

It is difficult to generate specific estimates of the tariff-equivalent costs of the different factors. However, of the relevant non-tariff measures, TBTs are among the most significant and new TBTs continue to raise concerns. A number of ROK’s recent changes to environmental and safety standards have been the subject of criticism from trading partners as not aligned with appropriate international standards. Two specific trade concerns have been raised at the WTO, and a number of other measures are also suggestive that improved transparency, and more timely information would be helpful in reducing the trade-restrictive impacts of new measures.

Vehicle energy efficiency standards

In 2006, the ROK introduced the Energy Use Rationalization Act which aimed to promote efficient utilization of energy. Under this legislation, the government set a target of a 30% reduction in greenhouse gas emission by 2020. The law also mandated that automakers comply with the Corporate Average Fuel Economy (CAFÉ) regulations. By 2012, at least 30% of passenger cars and minivans produced in the same year were required to have a fuel-efficiency rating of at least 17km/litre or emit less than 140g/km of carbon dioxide (CO₂). Each year target values are set progressively higher. Eventually the new standards will require the automakers to raise their fuel economy to close to that of Japan (23.3 km/litre) or the EU (27.6 km/litre). 100% of total sales must meet these standards by 2015.

In October 2010, the ROK notified the WTO about this new technical standard. Article 47 of the Act obliged car manufacturers to establish a standard for average energy consumption efficiency across their fleet. The suggested standards raised some concerns amongst EU car producers; they estimated that EU cars would be required to undertake cuts in emissions at around double the level applicable to domestically produced cars given their different starting points. Moreover, the suggested date for entry into force for the requirements was 1 January 2012, only around one year after the presentation of the draft. This timeframe was viewed as too short for foreign car manufacturers to adapt to meet the new standards, causing an inevitable loss of exports into the Korean market.

The United States also complained noting that the new regulations might have a negative impact on US car producers, particularly given that they only have one year to adjust. In contrast, US regulations on the standards for greenhouse gases emissions were introduced three years before actual implementation which gave manufacturers sufficient time to adapt. In response to these concerns, the ROK underlined the fact that the announced regulations were in line with European standards and the manufacturers that have adjusted to the European Union measures should be able to adapt easily. For instance, the government noted that the draft regulation targeted average emissions of automobiles of 170 grams of CO₂ per km in 2006, falling to 140 grams of carbon dioxide per km between 2012 and 2015. Under the EU regulation, the 2006 target was set at 150 grams of CO₂ per km, and aimed for 130 grams of CO₂ per km between 2012 and 2015. As a result, auto manufacturers in compliance with the European Union measures should have no problem complying with the Korean regulation.

² Depending on engine size, there are up to eleven types of tax applied on car owners in ROK. The government imposes an individual consumption tax, an education tax, a value-added tax, an acquisition tax, a bond tax, an automobile tax, fuel excise tax, motor fuel tax, registration tax, and a subway bond. In 2008, the WTO reported that this effect of multiple taxes raised an effective rate of protection to above 12%. EU and US FTAs with Korea—KOREU and KORUS—address this issue. The KORUS reduces provisions from Special Consumption and Annual Vehicle Taxes. The KOREU FTA instead is more general, and simply affirms that modifications to Korean auto taxes will be made on “most favoured nation” basis with any changes to Republic of Korea’s regulatory or tax structure applying to all WTO members.
Following the earlier changes to vehicle emissions standards, the Korean National Assembly passed a further law—*The Amendment of Air Quality Preservation Act*—in March 2013 which allows the Ministry of Environment to develop regulations to implement a bonus system based on a car’s carbon footprint. Under this system, the buyer of a new vehicle would either receive a rebate or face an additional charge depending on the emissions profile of the vehicle. As this bonus law system is supposed to go into effect in January 2015, the US has raised concerns asking the government to provide details regarding the different types of vehicles that will be classified under the system, and the levels of penalties that they might be subject to. Moreover, the US has asked by whom this incentive or penalty will be administered—whether by the government or by automotive dealers—so that the emissions policies are implemented in a fair, transparent and predictable manner consistent with KORUS.

**Motor vehicle safety regulations**

The amendment to the *Ordinance and Regulation of Motor Vehicle Control Act* introduced in March 2013 by the Korean government, and expected to enter into force in 2014, has also been the subject of a specific trade concern at the WTO (raised by the EU). The amendment’s stated purpose was to ensure that components used in automobiles meet adequate safety standards. For instance, the amendment covered the certification system for such car parts such as seatbelts, brakes, and reflectors. It also specified various procedures to be followed by producers in order to acquire certification. These included: registration of the producers with the relevant Korean authority; submission of products for testing by special testing facilities; and the application for self-certification marks on the product prior to its issuance in the Korean market (European Commission, 2013).

The European Union raised concerns about a lack of information, particularly regarding missing details on how registration, testing, and certification procedures will operate and on how the certification marks would be provided. The EU also criticized the fact that the additional implementing legislation which identified the details of the testing, self-certification and registration procedures was published on 22 February YEAR and entered into force on the same day (MLTM Notice No. 2013-70). EU representatives suggested that the period between the publication of the guidelines and their entry into force be extended. Moreover, the ROK was also requested to accept the certification system introduced by the UN as an alternative to the Korean certification marks.

**Box 2: Additional issues raised on technical barriers to trade**

**Motor Vehicle Components – Compliance Testing of Sunroofs**

In response to consumer complaints about failing sunroofs, the Korean Ministry of Land, Infrastructure and Transport together with the Korean Automobile Testing and Research Institute conducted a product safety test of the sunroofs of all motor vehicle manufacturers. Both domestic and foreign producers raised concerns that the test methodology used in this process deviated from the methodology prescribed in the Global Technical Regulations developed by United Nations Economic Commission for Europe (UNECE) Working Party 29 under the 1998 Agreement and related Federal Motor Vehicle Safety Standards and Korean Motor Vehicle Safety Standards in a manner that prejudices the test in favour of finding failure. The US reports that Korean regulators have not yet taken actions based on the tests already conducted, and are studying the issue further, including through consultations with other countries’ regulators.
Motor Vehicle Parts - Safety Standards and Certification

In December 2011, Korea promulgated a regulation which mandated that specified replacement motor vehicle parts comply with Korea Motor Vehicle Safety Standards (KNVSS), and established a self-certification system for indicating compliance with the safety standards. Details for the implementation of this new system were published the following year in the draft of administrative guidelines but this raised additional concerns related to allowable methods for marking the parts. Particularly, the United States Trade Representative reports that the US worked closely with Korea on these proposed measures and its concerns regarding the use of non-KMVSS standards for parts and allowable methods for marking parts were resolved.

Source: United States Trade Representative, 2014

Conclusion

The ROK has significantly reduced import tariffs on automobiles, not least through its FTAs with the US and EU. These FTAs have also helped reduce NTMs, including TBTs. However, the two recent Korean TBT cases which prompted the raising of specific trade concerns from the EU and the US indicate that TBTs still remain an issue for exporters. Trading partners are particularly concerned by (i) the insufficient provision of information and (ii) the lack of time between the introduction of draft regulations and their implementation. In sum, NTMs, particularly technical barriers to trade still appear as obstacles to market entry into the Korean automobile market. Stringent environmental and safety regulations make it costly for foreign manufacturers to adapt to the domestic requirements. A further reduction in barriers would likely enhance the competitiveness of the passenger cars markets with significant benefits for Korean consumers in expanded choice and lower prices. The full implementation of FTAs with the EU and US will help reduce and gradually remove non-tariff barriers for exporters from these countries. However, more can also be done to recognize international standards and technical regulations and to extend these benefits to other countries.
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