



**Asia-Pacific  
Economic Cooperation**

---

**2016/SMEWG43/014**  
Agenda Item: 21.6

## **Korea's Experience in Policy Support to Encourage Korean Small Businesses to Make Use of FTAs**

Purpose: Information  
Submitted by: Korea



**43<sup>rd</sup> Small and Medium Enterprises Working Group  
Meeting  
Lima, Peru  
7-8 September 2016**




# Korea's experience in policy support to encourage Korean small businesses to make use of FTAs

2016.09  
Republic of Korea



## Table of contents

- 1 Korea's free trade agreements with other countries
- 2 Policies to encourage SMEs to make use of FTAs
- 3 Achievements



## 1. Korea's free trade agreements with other countries

### 1 FTAs currently in effect

AS OF 2016

 Korea-Chile FTA	 Korea-Singapore FTA	 Korea-EFTA FTA
 Korea-ASEAN FTA	 Korea-India CEPA	 Korea-EU FTA
 Korea-Peru FTA	 Korea-US FTA	 Korea-Turkey FTA
 Korea-Australia FTA	 Korea-Canada FTA	 Korea-China FTA
 Korea-New Zealand FTA	 Korea-Viet Nam FTA	 Korea-Columbia FTA

Small and Medium Business Administration

## 1. Korea's free trade agreements with other countries

### 2 FTAs in negotiation

 Korea-RCEP	 Korea-Ecuador SECA	 Korea-Israel FTA
 Korea-Central America FTA	 Korea-China-Japan FTA	

### 3 FTAs in preparation

 Korea-MERCOSUR FTA	 Korea-SACU FTA	 Korea-Russia BEPA
 Korea-Malaysia FTA	 Korea-Mexico FTA	 Korea-GCC FTA
 Korea-Indonesia FTA	 Korea-Japan FTA	

Small and Medium Business Administration

# 1. Korea's free trade agreements with other countries

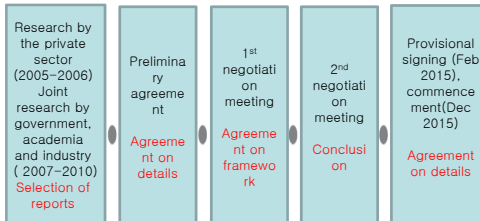
## 4 How FTAs are being used

Exports and imports by countries that have concluded trade agreements with Korea

	2014(A)		2015(B)		(B)-(A)	
	Exports	Imports	Exports	Imports	Exports	Imports
Chile	80.5	98.3	80.7	98.8	0.2	0.5
EFTA	79.6	41.6	80.4	43.7	0.8	2.1
ASEAN	37.0	73.8	42.5	75.4	5.5	1.6
India	56.3	67.0	62.4	73.1	6.1	6.1
EU	85.3	66.8	85.3	71.0	0.0	4.2
Peru	90.5	89.2	83.6	90.6	-6.9	1.4
The US	76.2	66.0	79.1	67.5	2.9	1.5
Turkey	72.7	64.4	79.1	69.1	6.4	4.7
Australia			69.7	63.5		
Canada			79.9	61.2		
Total	69.2	68.0	71.9	70.2	2.7	2.2

Source: Korea Customs Service (2016.02.01)

History of Korea-China FTA

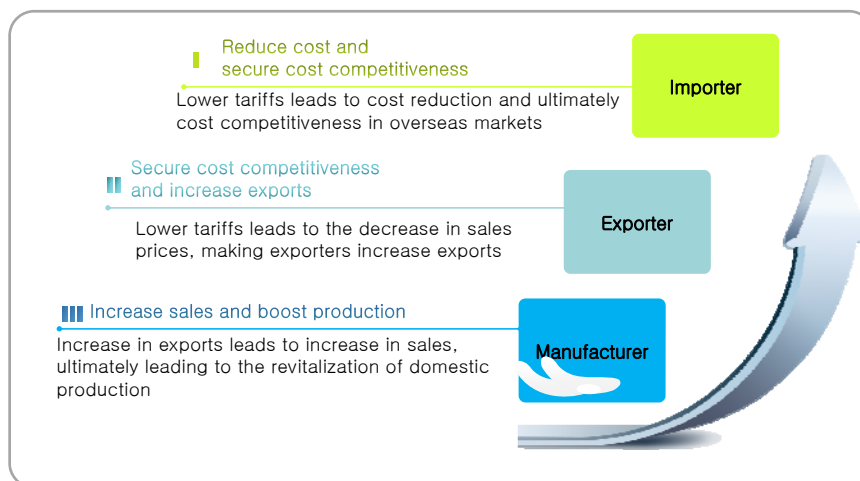


Expected benefits of Korea-China FTA

	After 5 years	After 10 years
Real GDP	Additional growth of 0.30 %	Additional growth of 0.96%
Consumer welfare	USD 5.6 billion	USD 14.6 billion
Job creation	13,600 jobs	53,805 jobs

# 1. Korea's free trade agreements with other countries

## 5 Importance of FTAs



## 2. Policies to encourage SMEs to make use of FTAs - SMBA 'Program to enhance capability to respond to FTA'

### 1 FTA-Export consulting

- ▶ **Overview:** Enhance SMEs' exporting capability by providing specialized consulting services regarding export strategies and difficulties in export, a certificate of origin, marketing strategy to respond to FTA, etc
- ▶ **Eligible companies and service period**
  - FTA consulting(including consulting focused on China) : SMEs or medium-sized companies that have or are expected to foreign countries that have concluded FTAs with Korea (for 6 days)
  - FTA consulting (long-term) : SMEs or medium-sized companies that have or are expected to foreign countries that have concluded FTAs with Korea (for a year)
  - Export consulting : SMEs that are already exporting or are expected to export (for 3 days)
- ▶ **Size of support and budget in 2016 :** 970 companies / 1.95 billion KRW
- ▶ **Types of consulting**
  - FTA consulting : Verification of country of origin, application for certified exporters, country of origin management system, etc
  - FTA consulting (long-term): Consulting and education on FTAs based on country of origin management system
  - Export consulting : Finding buyers, marketing, customs clearance, etc.

## 2. Policies to encourage SMEs to make use of FTAs - SMBA 'Program to enhance capability to respond to FTA'

### 2 FTA Education

- ▶ **Overview :** Provide comprehensive education on FTA to SME CEOs and employees including establishing strategies to make use of FTAs, managing country of origin, providing FTA-related information, etc.
- ▶ **Types of education**
  - FTA Education using customs broker agencies : on site 1:1 education, 3-day intensive course
  - Education to respond to MEGA FTA : Education on business models in the era of mega FTAs such as TPP and RCEP
  - Education for both exporting companies and their vendors : Designed to educate small vendors having trouble filling out documents related to the verification of country of origin
  - Education for CEO : To raise awareness about FTAs and educate on the program about establishing strategies to make use of FTAs
- ▶ **Size of support and budget:** 9,000 people / 450 million KRW

### 3. Achievements

#### 1 Number of beneficiaries

- ▶ FTA-export consulting and FTA education

	2013	2014	2015	Total
<b>Consulting education</b>	<b>836 Co. 5,460 ppl</b>	<b>1,114 Co. 7,302 ppl</b>	<b>825 Co. 8,789 ppl</b>	<b>2,775 Co. 21,551 ppl</b>

#### 2 Major achievements

- ▶ **Increase in exports for companies that received consulting services in 2015**– 10.8% increase in exports compared with 2014

\* (2014) USD 657 million → (2015) USD 728 million

- ▶ **Increase in exports for companies exporting to China that have received FTA consulting services in 2016** – 21.6% increase in exports compared with same quarter in 2015

\* (2015 1<sup>st</sup> qtr) USD 74 million → (2016 1<sup>st</sup> qtr) USD 90 million



Small and Medium  
Business Administration

Thank you