

Press release: UK and Korea sign joint statement for trade continuity

The UK and Korea have today (Monday 10 June) signed a statement noting their agreement for a Free Trade Agreement that will allow business to keep trading freely after Brexit.

International Trade Secretary Dr Liam Fox signed the joint statement in Seoul with Korean Minister of Trade Yoo Myung-Hee.

This marks the end of formal trade discussions and the UK-Korea Free Trade Agreement will be subject to final checks before it is formally signed.

The news has been welcomed by businesses including Diageo and Clifford Chance, who say it will help them to keep trading without disruption and continue increasing their presence in Korea.

The agreement allows businesses to continue to trade on preferential terms with Korea. In 2018, around 99% of British exports to Korea were eligible to be exported tariff free.

Trading on these terms rather than on World Trade Organization terms will deliver significant savings and help to safeguard British jobs.

This will help to strengthen further the trading relationship between the UK and Korea, which was worth £14.6 billion last year and has increased by an average of 12% per year since the EU-Korea Free Trade agreement was signed in 2011.

International Trade Secretary Dr Liam Fox MP said:

The value of trade between the UK and Korea has more than doubled since the EU-Korea agreement was applied in 2011. Providing continuity in our trading relationship will allow businesses in the UK and Korea to keep trading without any additional barriers, which will help us further increase trade in the years ahead.

As we face growing global economic headwinds, our strong trading relationship will be crucial in driving economic growth and supporting jobs throughout the UK and Korea.

Demand for British products in Korea continues to grow rapidly and exports have increased by an average of 18% per year since 2011.

Some of the fastest growing exports include sales of British cars which increased by a third to £943m in 2018.

Paul Kelleher, Corporate Relations Director, Asia Pacific, Diageo said:

Diageo warmly welcomes the news of a South Korea-UK Free Trade Agreement. The free flow of international trade is vital to Diageo as it gives us the opportunity to reach more consumers and markets.

South Korea is an important export market for Diageo and for Scotch whisky. We recognise and applaud the efforts of both sides in making substantive progress in trade negotiations and look forward to enhanced bilateral ties that support the future growth of trade in goods, services and cultural exchanges.

Grant Hughes, Clifford Chance Regional Managing Partner, Asia Pacific said:

We are pleased to hear the news of a trade deal which will allow for firms such as ours to maintain our local presence, supporting our longstanding Korean clients on international law matters and disputes.

Korea is home to some of the world's most dynamic and important international companies. This agreement will not only benefit those companies but also international companies and organisations doing business in the country.

Karen Betts, Chief Executive, Scotch Whisky Association said:

Scotch Whisky is a global success story, with more than 1.2bn bottles exported last year.

Our export success is based on free trade and open markets. By reducing tariffs and other trade barriers, Scotland's national drink can continue to increase its global reach, in turn creating jobs and investment across the UK.

This agreement removes the prospect of tariffs being reintroduced in South Korea – an important market for Scotch Whisky worth £70 million in shipment value in 2018.

Korea is one of the most significant markets covered by existing EU trade agreements and once the agreement is signed, the UK will have secured agreements with countries that account for 63% of trade currently covered by EU agreements for which the UK is seeking continuity. That has moved from 28% three months ago. Work is continuing intensively on remaining agreements.

This is another significant achievement in the Government's efforts to seek continuity for our existing EU trade agreements, providing certainty for

business, consumers and investors.

While in Korea, Dr Fox will also visit Samsung to discuss its research and development on 5G mobile technology.