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Abstract

This paper examines how EU relations with the two Koreas (South and North Korea) have evolved along major milestones over recent decades. It seeks to delineate the key features that define the relations of the EU with the two up until now. EU-South Korean relation are closer than ever with agreements covering all aspects and defining relations as strategic partnership. In comparison, EU relations with North Korea are currently at the lowest level since 2001. In this paper, we highlight the EU-South Korea free trade agreement (FTA) and the sanctions and restrictions placed on North Korea as the determining factors that have affected relations. A historical comparative analysis with previous literature and empirical statistics provide some evidence that FTA and sanctions are positively and negatively associated with the relations of EU and both Koreas respectively. This paper also analyses the future implication for EU-North Korea relations by taking EU-South Korea relations as a benchmark.

Keywords

EU, North Korea, South Korea, FTA, sanction, relations, trade, FDI

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Introduction, background and objective

October 2022 marked the twelfth anniversary of the strategic partnership between the EU and South Korea. South Korea is one of the 10 strategic partners for EU in the world, which recognized in its common Foreign and Security Policy (CFSP)¹. The strategic partnership was established between EU and South Korea based on the 3 ties of Politic, Economy and Security which are incorporated in bilateral treaties. The term ‘strategic partnership’ is defined by the characteristics of ‘exceptional closeness’ and ‘intensiveness of relations’², which represent the particular closeness of the relations between EU and South Korea.

EU has also tried to establish closer relations with North Korea (DPRK) since the 1990s, beginning with humanitarian aid in 1996 and by joining KEDO (Korean Peninsula Energy Development Organization) in 1997.³ The biggest moment of advancing the relations was the first summit between the EU and North Korea in 2001 which initiated numerous official diplomatic relations between North Korea and EU member states. Since then, the EU has continually engaged with North Korea through regular diplomatic dialogues and humanitarian aid. However, as North Korea has developed the capability of nuclear weapons and intercontinental ballistic missile (ICBM) through the 2000s, the EU has decreased its relations with North Korea in all areas with relations currently remaining at the lowest level since 2001.

In contrast to EU-DPRK relations, relations with South Korea (ROK) have continually evolved through the strategic partnership initiative in terms of politics, economy and security. The EU-ROK free trade agreement (FTA) was the most notable achievement in that regard, evaluated by many experts as the biggest progress in the relation of both regions.⁴

This paper aims to evaluate the EU’s diverging relations with North and South Korea. One relation has been depressed significantly, whereas in the other case relations have thrived and continually expanded in scope. This paper also aims to shed light on the specific reasons for this divergence by comparatively analyzing EU-ROK and EU-DPRK trajectories. Finally, it attempts to draw on this analysis in order to deduce some hints on the direction the EU’s future relations with the two Koreas are likely to take.

¹ CFSP Annual Report 2021, https://www.europarl.europa.eu/doceo/document/A-9-2021-0354_EN.html

² Chung Sae Won and Lee Jae-Seung, “Building the Pillars of the EU-South Korea Strategic Partnership,” *Asia Europe Journal*, Vol.17, No.3 (2019), p. 328.

³ Iordanka Alexandrova (2019). The European Union’s Policy Toward North Korea: Abandoning Engagement. *International Journal of Korean Unification Studies*, 28(1), 33- 62, pp. 38-39.

⁴ ‘Ask Europe’s Korea Experts: The Tenth Anniversary of the EU-ROK Strategic Partnership’ <https://www.korea-chair.eu/ask-europes-korea-experts-the-tenth-anniversary-of-the-eu-rok-strategic-partnership/> KF-VUB Korea Chair, 10 Dec 2020.

Research method

This paper evaluates the EU's relations with the two Koreas through a historical comparative analysis of previous literatures and empirical statistics. First, I illustrate the historical relations between the EU and the two Koreas starting from late twentieth. Secondly, this paper compares EU-ROK/EU-DPRK relations by distinguishing its features as found in official agreements, sanctions, trade statistics etc. In terms of EU-DPRK relations, this paper marks the UN/EU imposed sanction and restrictions as the main determining factor affecting relation. In terms of South Korea, the EU-ROK FTA is argued to be the defining factor of mutual relations.

Finally, this paper compares the EU's relations with the two Koreas along key factors and their respective results. These political and economic factors, which are found in relations with both Koreas, are compared to provide some suggestions as to their future implications for the EU relations with North and South Korea respectively.

History of the relations between EU and North Korea

The EU began to focus on North Korea as part of 'New Asia Strategy' which European Commission published in 1994.⁵ The main purpose of the strategy was to promote economic ties with Asia, which links the security cooperation with the issue of stability on the Korean peninsula. During that period, North Korea drew attention from the world about developing nuclear capability by withdrawing NPT (Non-Proliferation Treaty), which resulted in the 'Geneva agreement' with the U.S in 1994.

In contrast to the U.S., the European Union approached North Korea in a "soft" manner through humanitarian aid. The EU, at that time still EC (European Community), established a branch of ECHO (EC humanitarian office) in Pyongyang in 1996. They also joined KEDO (Korean Peninsula Energy Development Organization) for denuclearization of North Korea by providing economic supports. The EU subsequently donated more than 136 million Euro in humanitarian funding to North Korea⁶ and has since also supported the KEDO program with over 100 million Euro.

The EU has also tried to expand its political and diplomatic relations with North Korea. EU member states confirmed the consensus over supporting stability and reconciliation on the Korean peninsula in 2000 at the ASEM (Asia-Europe meeting) conference in Seoul. The following year, in 2001, a EU high-level delegation led by Swedish Prime Minister Goran Persson visited Pyongyang during May 2-3, holding the 1st EU-DPRK summit with North Korean leader Kim Jong-Il. In a series of talks, they discussed a variety of topics including non-proliferation, inter-Korean relations, human

⁵ Commission of the European Communities "Toward a new Asia strategy", com(94) 314, Brussels, 13.07.1994.

⁶ https://civil-protection-humanitarian-aid.ec.europa.eu/where/asia-and-pacific/north-korea-dprk_en

rights, economic and humanitarian aid and the EU's planned support for fertilizers and farming equipment in North Korea.⁷ The EU announced the taking-up of official diplomatic relations with the DPRK and reportedly indicated that it would "provide active economic support to North Korea in proportion to its active pursuit of [a] peace settlement on the Korean Peninsula through inter-Korea dialogue".⁸ Both parties subsequently established embassies, with the exception of France and Estonia.

EU-North Korea relations have been weakened since, as North Korea has conducted a series of nuclear and ICBM tests. Since 2003, when North Korea announced its withdrawal from the NPT, most of dialogues were suspended, economic assistance cut, and even humanitarian aid was reduced significantly.⁹ EU trade volume with North Korea has decreased significantly according to the United Nations COMTRADE database, down to 1 million euro in 2021, which is a 99.6% decrease compared to the year 2003.¹⁰ And in 2020, due to the COVID-19, most of EU member state embassies and liaison offices in Pyongyang were closed. At present, there are only a few communication channels left open between the EU and North Korea, except for a few North Korean Embassies in EU.

History of EU-South Korea relations

EU's relations with South Korea have a longer history and are closer than those with North Korea. The EEC (European Economic Community) and South Korea initiated diplomatic relations in 1963. South Korea established a standing representative office in Brussel in 1969 and EEC established the representative office in Seoul in 1990. EU and South Korea made EU-ROK basic cooperation agreement in 2001, which covers the cooperation in economy, trade, culture and science

Consequently, The EU and South Korea continued to strengthen relations through 3 key agreements. The framework agreement, signed in 2010, set up the overall cooperation in many areas including the non-proliferation of weapons of mass destruction, human rights, counter-terrorism, climate change, energy security and development assistance.¹¹ The EU-Korea FTA was signed in 2010 and fully came into force in 2015. It was the first full spectrum FTA that the EU negotiated with an Asian country. The FTA subsequently boosted trade and investment significantly in both regions. In 2021, the EU was the top partner for South Korea in FDI, the third largest trading partner while South Korea was the fifth largest trading partner for the EU among all non-European countries.¹² The FPA (framework for the participation of the Republic of Korea in European Union crisis management operations)

⁷ See North Korea Handbook, ed. by Heung-kook Park, trans. by Monterey Interpretation and Translation Services, Armonk, NY and London, England: M.E. Sharpe, 2003, pp. 606 ff.

⁸ Ibid. , 609.

⁹ Ibid.

¹⁰ <https://tradingeconomics.com/european-union/exports/north-korea>

¹¹ EU's relation profile with South Korea, https://eeas.europa.eu/delegations/el-salvador/8789/republic-korea-and-eu_en

¹² Korea MOTIE for FDI Statistics, <https://www.motie.go.kr/motie/py/sa/investstatse/investstats>, Eurostat for Trade Statistics, <https://ec.europa.eu/eurostat/web/main/data/database>

was signed in 2014, entering into force in 2016, which advanced the strategic partnership in security matters and allowed South Korea to participate in EU's security missions.

To date, EU-South Korea relations have been as close as ever with the 3 key agreements in place. South Korea is 1 of 10 strategic partners for EU in the world, and 1 of 4 strategic partners throughout Asia (with China, Japan and India). Most EU member states have embassies in Seoul and South Korea has embassies in most of EU member states as well. Both states hold a variety of regular joint committees in politics, economy and security, ranging from high level to working level status.

Evaluation of EU's Sanction on North Korea

The Sanctions on North Korea is the main and direct factor which has weakened the relations between EU and North Korea. A series of sanctions have been made from UN security council and individual countries toward North Korea to deter the development of WMD (Weapons of mass destruction) capability of North Korea, mostly nuclear weapon and ICBM (Intercontinental Ballistic Missile).

The principal entity to impose sanctions on North Korea was the UN security council which officially formed a sanction committee on North Korea since 2006, also known as the 1718 committee¹³. This committee issued dozens of sanction resolutions against North Korea which prohibit most commercial transactions with North Korea. The EU has adopted the UN sanctions on North Korea while it also issued its autonomous sanctions on North Korea banning commercial transactions with North Korea more comprehensively than UN sanctions. <Figure 1> shows the contents of the major sanctions on North Korea by UN and EU, <Figure 2> shows that the sanction on North Korea are the strongest in all aspects among the sanctions imposed by EU.

<Figure 1> Major sanctions imposed on DPRK by UN and EU

Sanction	Contents
(UN) UNSCR 2371	Ban on New Investment in DPRK Ban on import of Coal, Iron, Fish from DPRK
(UN) UNSCR 2375	Ban on operation by FDI in DPRK Ban on import of Clothes from DPRK
(UN) UNSCR 2397	Ban on employing labors from DPRK with repatriation measure Ban on import of Agri products, Minerals from DPRK Ban on export of machinery, electronics to DPRK Reduced cap on export of petroleum products and Oil to DPRK
(EU) CFSP 2017/1909	Total Ban on Investment in DPRK Total Ban on sale of petroleum products and crude oil to DPRK personal remittance to North Korea from €15,000 to €5,000

¹³ Named after the UN security council resolution 1718, which aimed to condemn the 1st nuclear test conducted by North Korea in 2006

(EU) CFSP 2017/666-667	Ban on investment of metal, aerospace industry in DPRK Ban on service trade of computer, mining, chemicals
(EU) CFSP 2016/849	Ban on import luxury goods/petroleum products from DPRK Ban on transfers of funds to and from DPRK Ban on investment of mining, refinery, chemical industry in DPRK

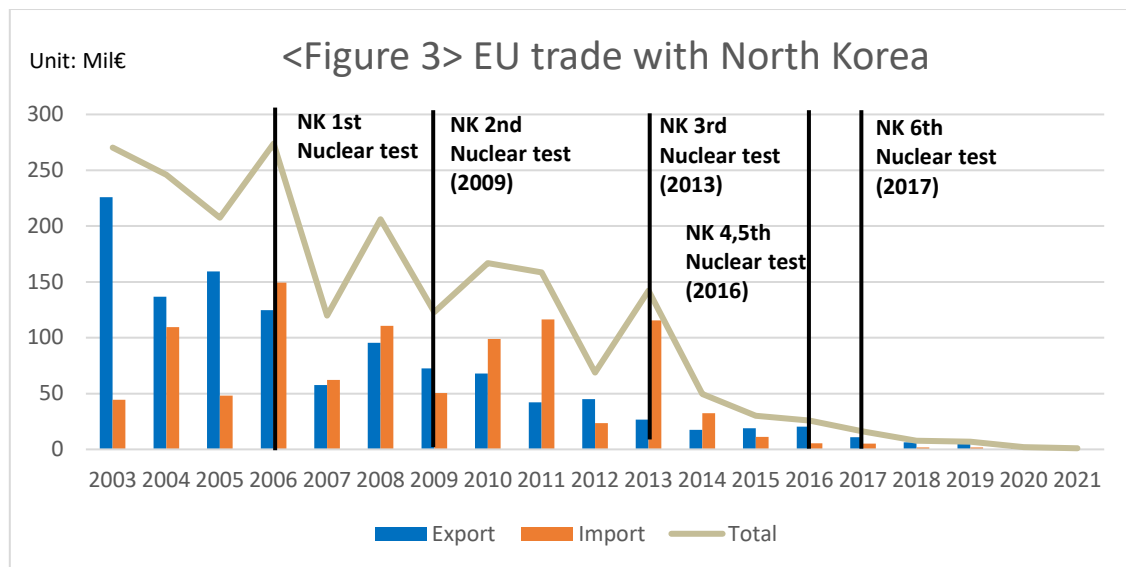
Source: UN Security Council DPRK Sanction committee. <https://www.un.org/securitycouncil/sanctions/1718/resolutions>, EU sanction on DPRK. <https://www.consilium.europa.eu/en/policies/sanctions/history-north-korea>

<Figure 2> EU sanction's embargo list by country, area

Country	Arms Ban	Asset Freeze	Travel Ban	Finance Ban	Energy Ban	Nuclear Ban
DPRK	✓	✓	✓	✓	✓	✓
China	✓					
Iran	✓	✓	✓	✓		✓
Iraq	✓	✓		✓	✓	
Libya	✓	✓	✓	✓		
Russia	✓			✓	✓	
Syria	✓	✓	✓	✓	✓	
Yemen	✓	✓	✓			

Source: Yearbook of European Security, EUISS, 2018, pp. 192-194.

<Figure 3> (page 6) shows trade volumes between EU and North Korea. The trade has decreased rapidly due to a series of threats by North Korea as it carried on to conduct nuclear tests. It decreased by 99.6% (270 million € → 1 million €: 2003 → 2021). This rapid drop in trade represents a drop in exchange concerning all aspects, for example: exchange of people, goods and inter-institutional exchange. This fact can be interpreted to mean that there are currently almost no relations between the EU and North Korea.



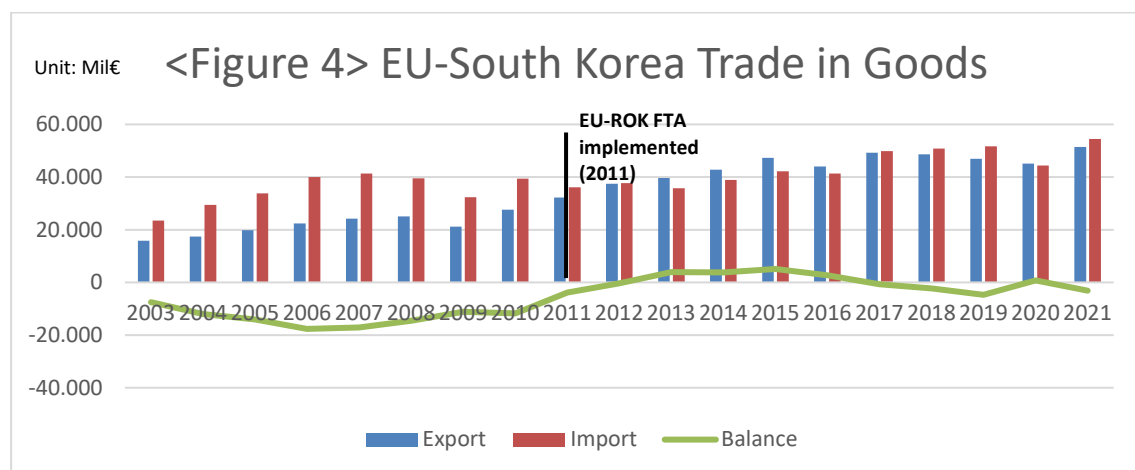
Source: Eurostat

Note: U.K. excluded due to BREXIT

Evaluation of EU's FTA with South Korea

According to a 2020 survey commemorating the 10th anniversary of the establishment of the strategic partnership between EU-South Korea, all of European experts opined that EU-South Korea FTA has made the greatest notable progress in the relation of EU and South Korea.¹⁴

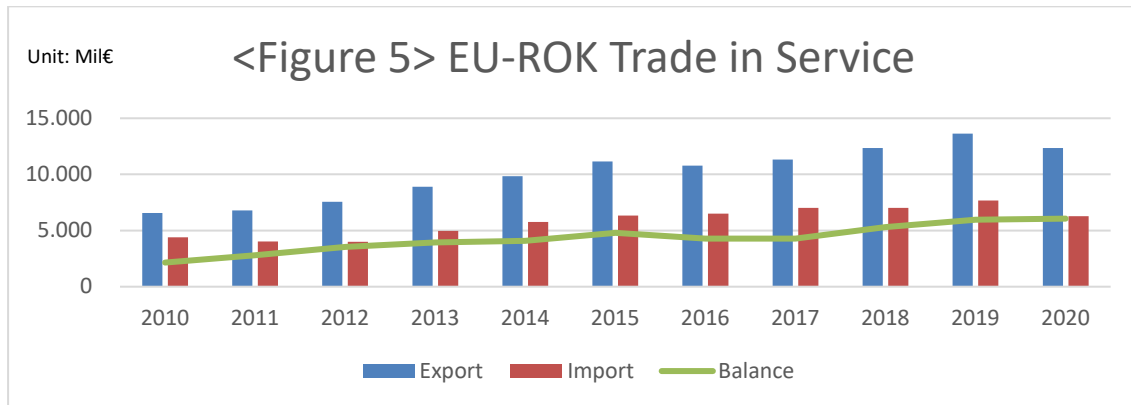
Since the FTA was implemented in 2011, trade in goods between the two regions has increased by 169.5% and trade in services has increased by 70.1% (2010→2021) in spite of the effects of the U.K.'s Brexit.



Source: Eurostat

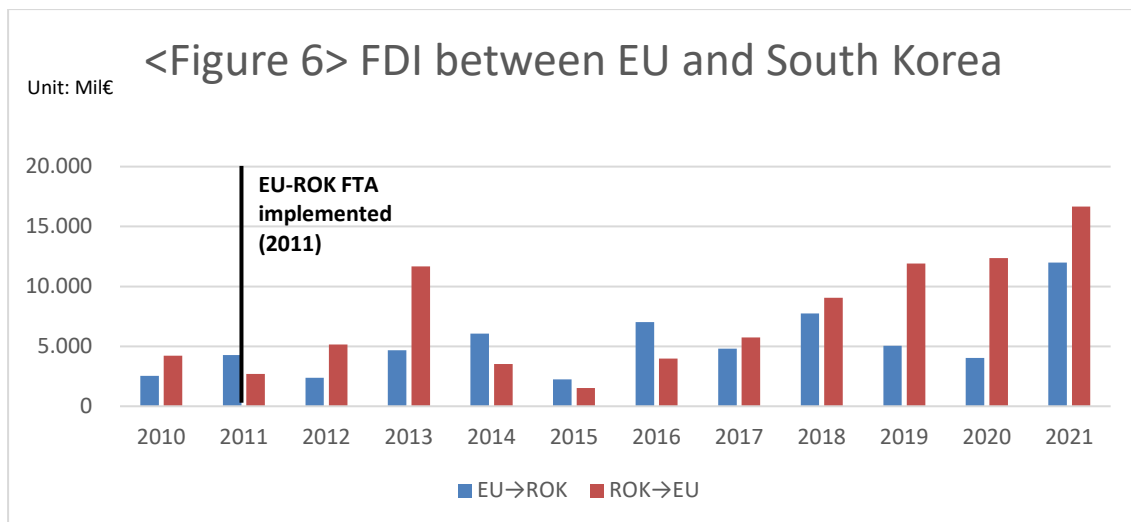
Note: U.K. excluded due to BREXIT

¹⁴ 'Ask Europe's Korea Experts: The Tenth Anniversary of the EU-ROK Strategic Partnership' <https://www.korea-chair.eu/ask-europes-korea-experts-the-tenth-anniversary-of-the-eu-rok-strategic-partnership/> KF-VUB Korea Chair, 10 Dec 2020.



Source: Eurostat

Note: U.K. excluded due to BREXIT



Source: ROK EXIM bank, ROK MOTIE

Note: Based on reported amount, U.K. excluded due to BREXIT

Investment also has been increased after the FTA. Total FDIs (Foreign Direct Investment) among both regions increased by 322%. The EU invested 11.9 billion euro to South Korea in 2021, which is 370% growth, and South Korea invested 11.9 billion euro to EU in 2021, which is 294% growth compared to 2010. <Figure 6> shows the increase in investment of both regions after the FTA was implemented.

The growth in trade and investment has been not been a one way affair, but both regions have experienced the growth together. They also developed and harmonized their institutions at international level in the areas of intellectual property, licensing, environment and so forth through the FTA.

The EU-South Korea FTA has brought up mutual growth in trade and investment for both regions. However, it was not established solely for economic purposes. The EU-ROK FTA was a consequence of EU-ROK Framework Agreement signed in 2010 and a corner stone for the Crisis Management Participation Agreement signed in 2014. All three

key agreements are designed to strengthen the strategic partnership of EU and South Korea. Among these three agreements, the EU-ROK FTA is generally seen as having made the greatest impact so far.

Conclusion: Implication of EU's diverged relations with the two Koreas

There are many factors that determine the EU's relations with two Koreas. Among these factors, this paper sees the sanction on North Korea as the determinant variable which depressed the relations between EU and North Korea. This paper also evaluates the EU-ROK FTA as the most distinguished feature which boosted the EU-South Korea relations.

The EU has tried to advance the relations with North Korea in every aspect including political dialogues, economic assistance, human right institutions etc. However, the constant threats North Korea poses through conducting a series of nuclear and ICBM tests has stalled these efforts and resulted in UN sanctions against North Korea which the EU adopted and even expanded on. With political dialogue suspended, trade dropped and as of 2020 most of EU's diplomatic offices in Pyongyang have been closed mainly due to the impact of the Covid-19 pandemic. Although the EU is still relatively well recognized by North Korea compared to other western states, feasible progress in the relations of EU and North Korea relations should not be expected in the short term.

In contrast to the relations with North Korea, the EU's relations with South Korea have steadily evolved to the closest ever. Both states confirmed their strategic partnership through key agreements in politics, economy and security. Especially the EU-ROK FTA brought the most progress in their relations. Trade and investment between both states were boosted to the highest levels ever, and the respective countries institutions harmonized at international level. There are many regular joint committees that are held at all levels from working groups to high-level summits.

<Figure 7> EU's relations factors with two Koreas

Factors	South Korea	North Korea
Diplomatic relations	O	O
Security agreement	O	X
Strategic partnership	O	X
Trade in goods	105,906 mil € (2021)	1 mil € (2021)
Trade in Service	18,630 mil € (2020)	N/A
Investment	11,980 mil € (out) 16,653 mil € (in) (2021)	N/A
FTA	O	X
Sanction	X	O

<Figure 7> shows the major factors distinguishing the relations of the EU and the two Koreas. Most of the factors are in favor of EU-South Korea relations. There are only a few channels currently left open between the EU and North Korea in terms of trade and official diplomatic relationships. By simple comparison, it seems feasible to find ways for advancing the relations of EU and North Korea by following the steps South Korea made so far. But in practice, it doesn't work that simple since the first step 'sanction' is based on the issue of denuclearization of North Korea, which has not made considerable progress for a few decades now.

The EU's principal policy toward North Korea is the critical engagement to achieve its goals in support of reducing tensions on the Korean peninsula and in the region, upholding the international non-proliferation regime and improving the situation of human rights in the DPRK.¹⁵ The sanctions are a tool for the EU to achieve its goals but which, however, weakened the relations of EU and North Korea in every aspect. However, North Korea has not changed its nuclear policy in spite of all the efforts and pressure exerted by EU and UN. EU will hold on to the issue of Korean peninsula as per its global strategy in Asia. So, as suggested by <Figure 7>, it is recommended for EU to keep communication channels with North Korea open and push for constant dialogue. This may well hold a brighter future, one that has already materialized in terms of EU-ROK relations.

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