

TRADE POLICY REVIEW OF KOREA

Statement by Pakistan

Mr. Chairman,

I warmly welcome the delegation of the Republic of Korea led by Deputy Minister Lee to this Trade Policy Review. I would like to commend the efforts of both the Korean Mission and the WTO Secretariat in compiling their respective Reports for this Review. My appreciation also goes to the discussant Ambassador Joakim Reiter for his analytical and informative introductory remarks.

2. Since its last Trade Policy Review in 2008, Korea has continued with its impressive record of progress notwithstanding the global economic crisis of 2008, underpinned by prudent macroeconomic policies together with ongoing structural reforms. In spite of deteriorating terms of trade, and falling investment, Korea has been able to restore growth in real GDP and exports. The period under review is characterized by Korea's active role at the global level, reflected in hosting the G-20 Summit in 2010, initiatives as the "standstill" commitment, which it has extended until 2014 refrain from protection. Korea has also implemented several reforms to address weaknesses in its economy. Another prominent feature is its notable progress in concluding FTAs, which are for the most part "WTO plus".

3. However, several persisting vulnerabilities are noted in the Korean economy including currency volatility, growth of short term foreign debts in the banking system, and vulnerability of its export oriented economy due to drop in foreign demand. Some services sectors, e.g. tourism and business services have been posting large deficit, due to which it has launched a "Services Industry Development Plan". Korea is also taking vigorous measures to boost investment as its inward FDI is among the lowest in OECD. The decline in inward FDI in relation to GDP is inconsistent with openness of the economy. It is also making serious efforts towards green growth, e.g. cutting 30% of GHG emissions by 2020. It is a matter of some concern that its customs tariffs continue to be complex, having a multiplicity of rates. Its "flexible tariffs" raise questions about market access predictability and openness. Its peak ad valorem rates are high and remain concentrated in agriculture. Korea's share of non-harmonized standards has increased considerably and, as noted by the Secretariat Report, its market concentration also remains high.

4. Korea continues to play an active role in the Doha Round negotiations, and has been giving primacy to the MTS, complemented with regional cooperation. It is also a major donor for WTO TRTA and Aid for Trade. Korea had made efforts to implement WTO commitments on

government procurement and IPRs, and has taken unilateral measures to further liberalize trade in services. It has also improved preferential access unilaterally for LDCs, and increased technical assistance activities for various WTO activities. However, in view of its heightened bilateral liberalization (its simple average MFN tariff rate at 13.3% falls to 6.3% for FTA partners), Korea's efforts to contribute at multilateral liberalization would be welcome as its liberalisation at the bilateral level poses a distinct disadvantage to non-FTA, excluded partners.

5. Bilateral trade between Pakistan and Korea remains at much below the potential of both the countries. The total trade between the two countries increased from 845.2 US\$ million in 2006-07 to 1088 US\$ million in 2010-11, with the trade balance is in favor of Korea. Pakistan looks forward to enhancing trade and economic cooperation with Korea.

6. I wish the Korean delegation successful trade policy review, and hope that Korea would be able to deal with the challenges arising from the current global economic situation, and to play an even vigorous role in the WTO's multilateral agenda. I also thank the Korean delegation for replying to our questions and we may revert in case any further clarification is required.

7. Before concluding my statement, I warmly welcome the new Ambassador of Korea to Geneva. I am sure that we will work together.

Thank you