



Uniwersytet  
Wrocławski

**Free Trade Agreement between the  
European Union and the Republic of  
Korea. An Empirical Comparative  
Assessment of Selected Trade Effects from  
the Czech, Hungarian, Polish and Slovak  
Perspective**

**Bartosz Michalski, PhD**

University of Wrocław

Institute of International Studies

International Congress

European Security and Stability in a Complex Global Order. The  
Case of Neighbourhood Policy, Warsaw, 9 May 2017

## OUTLINE

- Introduction, context & goals
- Methodological approach & theoretical framework
- Conclusions
- Research results

## **INTRODUCTION, CONTEXT & GOALS**

- Proliferation of RTA/C-RTA in the world economy
- Regionalism as an alternative to the WTO regime and as a tool of modern economic diplomacy
- EUKORFTA as a benchmark, the most comprehensive trade deal
- Novelty aspects
- Research goal: to recognise effects of the economic crisis of 2008/2009 and the pre-enforcement period as well as to focus on the year 2011 when the EUKORFTA came into force

## **METHODOLOGICAL APPROACH & THEORETICAL FRAMEWORK**

- International Political Economy – the structuralist and constructivist thinking
- Trade data 2001-2015 taken from the Trade Map (ITC)
- Competitive and comparative advantages (RTA, Lafay Index)
- Intra-industry trade (HIIT, VIIT-LQ, VIIT-HQ) – GL-index

## CONCLUSIONS (1)

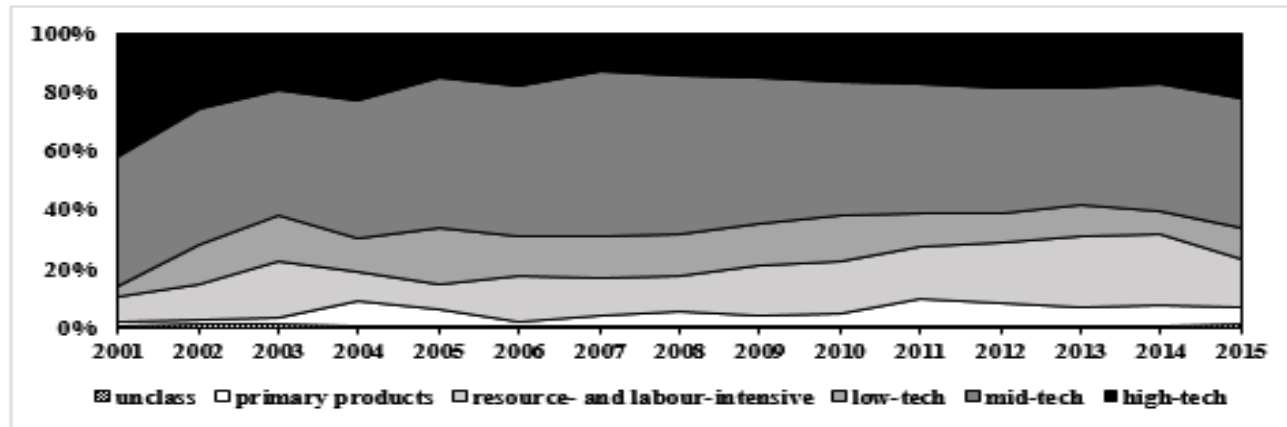
- Cultural, geographical and technological distance as barriers for V4 economies when exporting to ROK
- FDI as an engine for further modernisation (technological gap as a rationale), but the strategic necessity to improve national innovation system
- Trade effects of EUKORFTA and the threat of the middle-income trap (the essence of MIT: how to break through a glass ceiling of technology absorption and foreign guidance?)

## CONCLUSIONS (2)

- V4 economies as passive players lacking sufficient economic and political leverage
- **Strategic challenge:** how to copy someone else's economic success while recognising entirely different context for complex reforms and modernization
- V4 economies as partners or competitors?

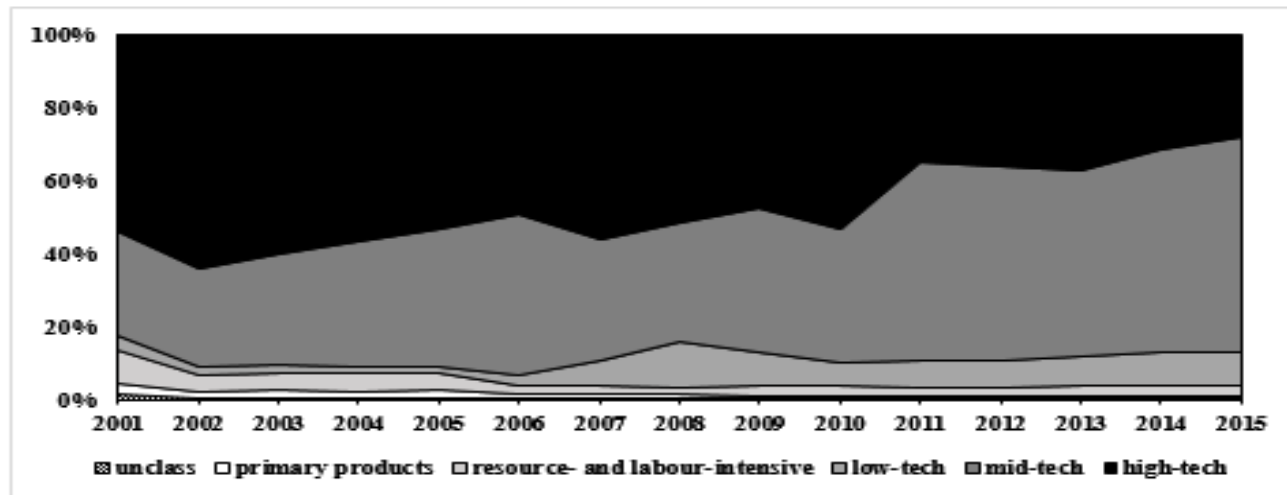
## RESEARCH RESULTS (1) – selected examples

Figure 1. Technological intensity of the Czech exports to the Republic of Korea, 2001–2015



Source: own calculations based on (Trade Map 2017).

Figure 2. Technological intensity of the Czech imports from the Republic of Korea, 2001–2015



## RESEARCH RESULTS (2)

**Table 7. Polish competitive and comparative advantages in trade with the Republic of Korea, selected product clusters, selected years**

HS code	product cluster	technological intensity	average share in exports 2011-2015 (%)	relative trade advantage (RTA)							Lafay index (LFI)						
				2001	2004	2009	2010	2011	2014	2015	2001	2004	2009	2010	2011	2014	2015
0203	Meat of swine	PP	4.5	-	-	-	-	-	-	-	0.5	1.8	0.3	0.3	1.5	0.1	0.0
6909	Ceramic ware	RL	4.9	0.0	-	49725.0	3291.9	5158.7	2439.8	4571.2	0.0	0.0	0.3	0.7	1.1	0.7	2.1
8212	Razors and razor blades	LT	3.8	-	0.0	942.1	306.1	304.8	532.0	1142.3	0.0	0.0	0.2	0.1	0.3	0.9	1.4
8408	Diesel or semi-diesel engines	MT	18.1	0.7	0.0	0.2	0.0	301.9	187.3	0.0	0.0	-0.1	0.0	0.0	2.0	3.5	0.0
8431	Machinery parts	MT	7.3	0.0	111.9	346.0	176.3	76.1	103.4	77.0	0.0	0.5	1.2	0.7	0.7	2.1	1.7
8708	Parts and accessories of motor vehicles	MT	3.6	0.9	6.8	8.3	5.1	3.6	1.9	0.8	0.0	2.0	1.4	0.8	0.5	0.4	-0.1

Source: own calculations based on (Trade Map 2017).



**RESEARCH RESULTS (3)**
**Table 8. Slovak competitive and comparative advantages in trade with the Republic of Korea, selected product clusters, selected years**

HS code	product cluster	technological intensity	average share in exports 2011-2015 (%)	relative trade advantage (RTA)							Lafay index (LFI)						
				2001	2004	2009	2010	2011	2014	2015	2001	2004	2009	2010	2011	2014	2015
4011	New pneumatic tires	MT	7.7	0.0	0.0	0.0	0.4	6.7	36.4	25.3	-0.1	0.0	0.0	0.0	0.2	0.3	0.2
8414	Air, vacuum pumps	MT	5.5	1.3	17.8	4.8	2.6	1.7	3.0	1.8	0.1	0.4	0.1	0.1	0.1	0.2	0.1
8529	Parts suitable for use with televisions	HT	5.8	0.0	0.2	0.3	0.8	2.5	0.3	0.3	-0.1	-0.7	-1.1	-0.5	0.6	-0.1	-0.1
8703	Cars	MT	29.9	0.0	1.3	10.8	19.4	26.4	23.3	23.1	-2.9	0.2	0.4	0.6	1.0	1.6	1.6
8708	Parts and accessories of motor vehicles	MT	10.6	0.1	0.1	2.0	0.9	0.8	1.2	0.4	-0.3	0.0	0.3	0.0	-0.1	0.1	-0.5

Source: own calculations based on (Trade Map 2017).

**RESEARCH RESULTS (4)**

**Table 9. Overall GL-indices (%) of the Czech Republic, Hungary, Poland and the Slovak Republic in trade with the Republic of Korea, 2001–2015**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>CZ</b>	4.8	1.7	1.9	2.4	2.3	3.6	3.8	4.5	5.2	4.3	5.5	5.2	7.7	8.7	8.1
<b>HU</b>	1.2	1.6	1.7	8.5	7.1	9.6	5.5	8.7	4.3	7.4	7.2	4.8	9.1	7.7	7.1
<b>PL</b>	3.8	3.5	4.5	3.1	1.8	2.7	3.7	4.0	3.3	3.3	2.7	3.5	4.2	4.2	6.7
<b>SK</b>	1.0	0.8	3.8	3.1	2.6	2.4	2.3	2.4	2.6	3.6	3.7	1.8	1.7	2.5	2.4

Source: own calculations based on (Trade Map 2017).

## RESEARCH RESULTS (5)

**Table 12. Selected sectoral GL-indices (%) of Poland in trade with the Republic of Korea, 2001–2015**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>HS 84 GL-index</b>	2.9	1.5	7.2	7.1	3.4	6.3	7.5	10.9	8.0	7.0	5.3	9.1	7.4	12.2	20.2
<b>HIIT</b>	0.0	0.0	0.3	0.6	0.3	0.0	0.2	0.2	0.9	0.3	0.1	0.5	0.1	1.2	2.5
<b>VIIT-LQ</b>	2.7	1.5	6.1	3.8	3.0	5.4	6.5	7.2	4.7	5.3	4.0	4.3	4.1	6.6	9.2
<b>VIIT-HQ</b>	0.1	0.0	0.8	2.7	0.2	0.9	0.8	3.4	2.3	1.3	1.2	4.2	3.2	4.4	8.5
<b>HS 85 GL-index</b>	11.6	8.1	5.1	2.4	1.3	1.3	2.2	2.0	2.1	2.2	2.9	2.7	3.5	2.6	5.2
<b>HIIT</b>	0.0	0.3	0.0	1.1	0.0	1.1	0.1	1.1	0.0	0.0	1.9	0.1	0.2	0.1	0.0
<b>VIIT-LQ</b>	10.1	6.7	4.3	1.2	1.2	0.2	0.7	0.6	0.8	1.7	0.6	2.3	3.0	2.1	4.1
<b>VIIT-HQ</b>	1.5	1.1	0.9	0.1	0.0	0.1	1.4	0.3	1.3	0.6	0.4	0.2	0.2	0.4	1.0

Source: own calculations based on (Trade Map 2017).



Uniwersytet  
Wrocławski

**Thank you for your attention  
and critical feedback**

**e-mail: [bartosz.michalski@uwr.edu.pl](mailto:bartosz.michalski@uwr.edu.pl)**