

**On the Issues of Sustaining Bilateral Trade between Mongolia and the Republic of Korea
(FTA)**

By

LAASHUU, Batbold

THESIS

Submitted to

KDI School of Public Policy and Management

In Partial Fulfillment of the Requirements

For the Degree of

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ABSTRACT

Since its accession to the World Trade Organization (WTO) in January 1997, Mongolia has continued to reshape its economic, business, and legal environments in accordance with its WTO commitments, as well as expand economic ties with its major trading partners, such as the Republic of Korea (ROK). Bilateral trade between Korea and Mongolia increased by 146 times since the two countries established diplomatic relations, from USD 2.7 million in 1990 to USD 395 million in 2011.

However, Mongolia's exports are heavily reliant on a few agricultural and mining products and is experiencing a crisis as a result of insufficient exports. At the strategic level, Mongolia has attempted to negotiate a Free Trade Agreement (FTA) with its key trading partners in order to sustain long-term economic growth.

The first purpose of this research is to examine Mongolia's prerequisites for negotiating an FTA with ROK and its other key trading partners using Gravity Model and Trade Indicators. A major goal of the study is to come up with a possible strategy for Mongolia to encourage the bilateral trade through FTA with Korea.

Key words. Foreign trade, export, import, Revealed Comparative Advantage (RCA), Gravity model.

ABBREVIATIONS

APTA:	Asia-Pacific Trade Agreement
EAEU:	Euro-Asian Economic Union
EPA:	Economic Partnership Agreement
ESI:	Export Specialization Index
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GTAP	Computable general equilibrium model
GSP	Generalized System of Preferences
GVCs	Global value chains
ITC	International Trade Centre
MOTIE	Ministry of Trade, Industry, and Energy
NTBs	Non-Tariff Barriers
R&D	Research and Development
RTA	Regional Trade Agreement
SEZ	Special Economic Zone
SMEs	Small and Medium Enterprises
TFA	Trade Facilitation Agreement
WTO	World Trade Organization

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I. INTRODUCTION

International economic conditions are rapidly evolving, and a wide range of instruments to encourage trade and investment have emerged and expanded in scope. Countries have made significant attempts to integrate their economies not only with their neighbors but also with countries from other areas and continued to execute trade policies with a stronger focus on market liberalization. In this context, widespread use of regional trade agreements (RTAs) has resulted in considerably broader and deeper integration, in addition to the better market access offered by the multilateral trading system. Since 1990, a surge in Asian trade has accelerated integration, and numerous Asian nations have signed RTAs (Plummer et al., 2010). Significant changes have happened within East Asia, including an increase in the relative importance of machinery and electronics in intra-regional trade, and therefore a rapid expansion of global production sharing as reflected in parts and component trade (Lee, 2004).

As of June 2021, a total of 565 RTAs have been notified to the WTO, with 349 already in effect (WTO, 2021). The WTO cannot prevent the proliferation of RTAs because of the various legal regimes that govern global and regional trading systems (Shadikhodjaev, 2014). FTAs attempt to liberalize trade based on a non-discriminatory concept for the agreement's signatories. In addition to that, FTAs have dynamic effects such as reducing trade barriers, eliminating tariffs and Non-Tariff Barriers (NTBs) on goods and enhancing domestic market competitiveness, and increasing labour productivity. Theoretically, FTAs are presumed to have both positive and negative effects on a country's economy. FTA provides exporters with preferential access to new markets on preferential terms. On the other hand, as domestic markets become more open to FTA partners, domestic producers are less vulnerable to import competition. As a result, production in less competitive industries is likely to decline in the short and mid term, and unemployment will rise. Politically, developing countries aim to join the FTA to strengthen their negotiating capacity within the WTO and protect their interests (Namsrai et al., 2012). In this context, an analytical assessment of the prospective implications of an FTA prior to its negotiation (ex-ante evaluation) is critical in determining the country's overall negotiating stance.

In terms of trade structure, Mongolia and the ROK have the potential to complement each other, and an FTA will provide a tremendous chance for the two nations to create mutually beneficial cooperation based on a win-win strategy. For this reason, I attempted to examine the prerequisites and potential effects of the FTA on Mongolian international trade by this research.

Statement of Problem

Mongolia's economy is largely reliant on international trade, which accounted for 126 percent of GDP in 2019 and is still increasing. Mongolia traded with 149 countries in 2020, with a total of 12,870.3 million USD in foreign trade turnover. Mongolia exported goods to 75 countries in that year, with China accounting for 72.5 percent of total exports, Switzerland for 22.2 percent, and the United Kingdom for 1.1 percent.

Agriculture and mining are the country's mainstays and provide the majority of the country's income. Industrial raw materials, wool, cashmere, and leather of animal origin make up the vast majority of exports. In other words, most of total exports are non-value-added raw commodities, and this export structure has a direct impact on the economy of the country. For instance, exports fell by 1% in 2020 compared to the previous year, owing to fewer livestock and industrial product exports, while the mining sector grew by 4%. Imports fell by 14% as a result of weaker investment and a decline in the price of petroleum products, while consumer goods fell by 1%.

As a response, paying close attention to its trade policy, especially regional bilateral trade relations, can be one of the most important solutions for Mongolia as a landlocked developing country. Enhancing the trade and economic cooperation with ROK, as a major strategic partner, is critical for Mongolia's economic integration, international competitiveness, and long-term economic development. The trade turnover between the two countries peaked in 2013 at USD 520 million, then rapidly dropped to USD 257 million in 2020 (Nyamdaa & Laashuu, 2021). In this sense, the trade relationship between Mongolia and the ROK must take into account the strengthening of economic ties, the expansion of bilateral trade, and the refinement of the two countries' trade strategies in light of changing conditions.

Research questions

1. What is the state of the bilateral trade relations between Mongolia and Korea?
2. How do FTAs affect Mongolian trade with ROK and its other major trading partners?
3. How complementary is trade between Mongolia and Korea?

Objectives

This study examines the effect of free trade agreement on trade between Mongolia and Korea. It should be noted that it needs to be explored the possibility of establishing a FTA with main trading partners is related not only to the geographical proximity of these countries, but also to the high share of these countries in Mongolia's foreign trade and growing trade turnover.

Methodology and Data

Common and specific scientific methods were used in the research. Analyzed the material gathered, attempting to discover the subject's key characteristics, linkages between its sections, trends, and specifics of contentious and important issues, as well as combining it with one's own understanding of social and economic issues. By comparing them for identifying commonalities between subjects, as well as differences in phenomena, and understanding the logic on this basis. The statistical information needed for the study was compiled and processed to produce important trade and economic indicators and information.

“The gravity model” is one of the most extensively utilized models for international trade. The model has been utilized in various research publications and studies in the field since Tinbergen (1962) initially applied it (Shepherd, 2016). The model previously featured tariffs and regulations of trade in goods, but it has recently been effectively extended to trade in services. “Gravity models” are still widely used in trade analysis because of their great explanatory capacity of actual data. The main advantage of the model in examining FTA is that it can account for such additional trade determinants as are necessary, allowing it to isolate the impacts of the FTA on trade. On the other hand, one of the model's limitations is that the estimated effect of an FTA is only as good as the data used to make the estimates. If the data is incorrect, the gravity model's results will be inaccurate (Plummer et al., 2010).

The basic gravity model of trade, which is identical to Newton's law of universal gravitation in physics, relates country i's imports from country j positively to the importing country's GDP and negatively to the geographic distance between the importing and exporting countries (Shepherd, 2016).

The gravity model used in this research utilized as follows:

- $\log(\text{trade}_{ij}) = c + b_1 \log \text{GDP}_i + b_2 \log \text{GDP}_j + b_3 \log \tau_{ij} + \gamma_1 \log \text{RTA}_{ij} + b_5 \log \text{Cont}_{ij} + e_{ij}$
 - GDP gross domestic product of each country
 - $\log \tau_{ij} = \log(\text{distance}_{ij})$
 - cont_{ij} = common border
 - trade_{ij} = trade between countries I and J
 - RTA_{ij} = dummy variable (Japan 1)
 - e_{ij} = random error term

The model is estimated using linear regression (ordinary least squares), which is done by STATA, with data on bilateral trade between Mongolia and its partners, GDP, and Distance, RTA, and Contiguity (common border) with partner nations. The model is based on the most available data and covers as many Mongolian trading partners as feasible. Panel data was utilized to control the effects of specific years on trade, and the data was compiled from databases; United Nations Commodity Trade (Comtrade) Statistics Database, International Financial Statistics (IMF Data), TRADEMAP, CEPII, and World Trade Organization (WTO).

In order to refine the prior estimates, certain trade indicators were employed. Trade indicators are indices that is used to define and analyze the state of a country's trade flows and patterns. These indicators can be utilized at the outset of any trade policy decision, including whether or not to join a free trade agreement (Gilbert, 2017). The key advantage of trade indicators is that there are few data requirements, making this method simple to execute. The fact that these metrics cannot pinpoint the causes of a particular state or trend in trade flows is an essential caution (Plummer et al., 2010), and the indicators are based on data that is generally available for most countries. However, it is impossible to directly measure potential changes in economic variables of policy concern when utilizing indicators at the appropriate level of aggregation (Gilbert, 2017).

According to classical international trade theory, it is beneficial for a country to diversify into the production based on of its own comparative advantage and to export the comparatively advantageous products. It is, however, difficult to determine which products can be sold in which countries and from which partner. The economist Bela Balassa (1965) first proposed the revealed comparative advantage index. The index can be used to evaluate the goods from one country can be traded to its trading partners and the goods their trading partners can trade to them (Balassa, 1965). Nonetheless, it is critical to identify product demands in a target market and be able to meet those demands while exporting goods to the market. For this reason, the Trade Intensity Index¹ is used and which is determined by comparing the share of a country's exports to a partner country with the share of world exports to that partner country, was used to refine abovementioned calculations. We used statistical data from the International Trade Center for the analysis. The method's key benefit is that data requirements are minimal.

¹ $T_{ij} = (x_{ij}/X_{it}) / (x_{wj}/X_{wt})$

II. LITERATURE REVIEW

Mongolia's economic integration, international competitiveness, and long-term economic development are all dependent on improving trade and economic cooperation with its strategic partners. Several studies have been conducted in this field to determine the trade and economic consequences of Mongolia concluding bilateral FTAs with its key trading partners.

In 2012, Researchers from National University of Mongolia examined that the trade opportunity and risks for Mongolia signing FTAs with Russia, China, Japan, ROK, the United States, and Canada by using the Computable General Equilibrium model (CGE) and Gravity models. As a result, FTAs with Japan and South Korea are profitable, with growth of 0.4-2.0 percent expected by 2020. Mongolia's GDP, on the other hand, will not grow much, with growth of less than 1%. The FTA will result in a revenue reduction of less than 1% in the state budget. Import tax income is expected to plummet among the many sources of tax revenue. In addition, according to the study, Japan is the most important market for animal products, while China has been the most key market for hides, skins, and furs, as well as mining ore, concentrates, and copper, and Canada is the most important market for carpets. The authors warned that most of the free trade agreements in international practice are aimed at expanding trade and economic cooperation, but some could be “non-economic” or “non-trade” agreements.

Mongolian Academy of Sciences and NUM Business School (2014) investigated the economic implications and hazards of signing a free trade agreement with its two neighbors, Russia and China. According to the findings, there will be no significant influence on the Mongolian economy in the near future. Even so, agreements have the potential to result in a significant growth in the extraction industry in the medium and long run.

Vorshilov and Nyamdaa (2015) examined the Mongolia's accession to APTA in their research called “Analyzing the effects of Mongolia’s accession to Asia-Pacific Trade Agreement (APTA)”. The purpose of this study is to examine how Mongolia's accession to APTA could increase exports, in particular to identify which products are more likely to be imported and exported to APTA member countries, and to identify the main factors that affect trade. The Trade Intensity Index and the Spearman Rank Correlation coefficient were used in the study. The authors hypothesized that the negative Spearman rank correlation reflects differences in Mongolia's export structure compared to the APTA member countries, implying a higher return on trade. A positive value, on the other hand, means that trade between Mongolia and APTA members with similar export structures is inefficient. To refine this calculation, the Trade

Intensity Index was calculated. As a result of the study, Mongolia has a high trade intensity with APTA countries in terms of natural resources and livestock products. Authors suggested that it is important to pursue a strategy to attract investment for developing the industrial clusters based on livestock and extractive industries.

Ulzii-Ochir and Vorshilov (2016) investigated impacts of the FTA between Mongolia and Euroasian Economic Union (EAEU) member countries. The study employed Computable General Equilibrium Model (GTAP) model and examined the scenario of the full liberalization of tariffs, being completely eliminated, on all products traded between Mongolia and EAEU. Study suggested that Mongolia's welfare gain looks to be beneficial, but the welfare gains of EAEU members do not appear to have changed significantly. Furthermore, when a trade agreement is in place, Mongolia's real GDP growth increases marginally, by less than 1%. As a result, the benefits of FTA with the EAEU appear to have a smaller impact on Mongolia's economy. According to the study, Mongolia has the highest decrease in trade balance if the EAEU and Mongolia implement the FTA, with a loss of US\$ 18.1 million. With the exception of meat and some mineral sectors, practically every sector has a trade imbalance in this context. In general, an ex-ante analysis finds that Mongolia outperforms the EAEU in terms of overall welfare effect and GDP growth.

Other articles take a different approach to the topic. Study by Nyamdaa and Shagdar (2020) examines how the reform of import customs tariff policy and regulation has been carried out, and discusses some of the effects of the reform of import customs tariffs on the Mongolian economy. Authors stated that since Mongolia's transition to a market economy, there has been an urgent need to review the mechanisms of Mongolia's foreign trade policy and update them effectively. They studied the changes and effects of customs tariffs in chronological order to determine their impact on the economy. In addition, the economic impact of changing the base tariff rate was calculated using the GTAP database version 8.1 and the GTAP model. According to the study results, Mongolia's primary industries, livestock processing, poultry, milk, wool, cashmere, and leather, will increase production if import tariffs are raised to the highest level allowed by the WTO, while exports will increase and continue to expand.

In the Northeast Asian region, Mongolia and the Republic of Korea have had long-standing friendly political and economic relations, and both countries are looking for ways to expand trade relations. There are research works which aimed to look back on Korea and Mongolia's economic relations since diplomatic relations were established in 1990 and identify ways to

strengthen economic cooperation between the two countries. Reviews of the articles must also be included in the discussion.

Lee & Gwun (2016) analyzed the trade and investment statistics between 1990-2016 to study the changes and growth of Mongolian-Korean economic relations. The authors indicate that Mongolia is one of Korea's strategic partners in the Eurasia Initiative's aims of developing Eurasian transport logistics, energy resources, and a trading network. In this context, transportation and logistics infrastructure, mineral development and processing, plant and construction, agriculture and livestock, and tourism are all potential areas for Korean-Mongolian collaboration. Data from these industries was analyzed. According to the study, Korea and Mongolia should hold regular summits, negotiate a visa exemption agreement and a free trade agreement, and lower airfares by expanding flights in order to increase economic cooperation between the two countries.

Lee Jae Young (2017) looked at the successes and limitations of economic cooperation between Korea and Mongolia in his work named "Korea-Mongolia Economic Relations: Current Status and Cooperation Measures". The study's main goal is to reflect back on the previous years and propose new strategies for economic cooperation. From a Korean standpoint, they must develop a new strategy that provides a logical, systematic framework for collaboration with Mongolia and consistently apply it. The author concluded that, concluding the FTA between Mongolia and Korea should be pushed to from the viewpoint of the strategy such as long-term resource diplomacy support, political advantage.

A study by Ikhbayar, E (2017) examined that the economic relations between the two countries chronologically, with a SWOT analysis and an examination of the current state of trade between the two countries. This research employed mostly a qualitative methodology. According to the author, Mongolia-Republic of Korea trade relations must be aimed at balancing the economic clout of the two neighbors, reducing reliance on one country, diversifying foreign trade sources, participating in regional economic integration, and improving international competitiveness. He also mentioned that it is clear that not only economic calculations should be based on analysis, but also more studies at the level of politics, international relations and regional integration are needed.

Taking into account the results of the previous studies in the field, it can be concluded that FTA needs to be concluded between the two countries. It is important for Mongolia to develop the

manufacturing sector and increase the variety of exports, while Koreans benefit from the availability of products essential for Korean manufacture.

III. ANALYSIS ON THE POTENTIAL FTA BETWEEN MONGOLIA AND KOREA

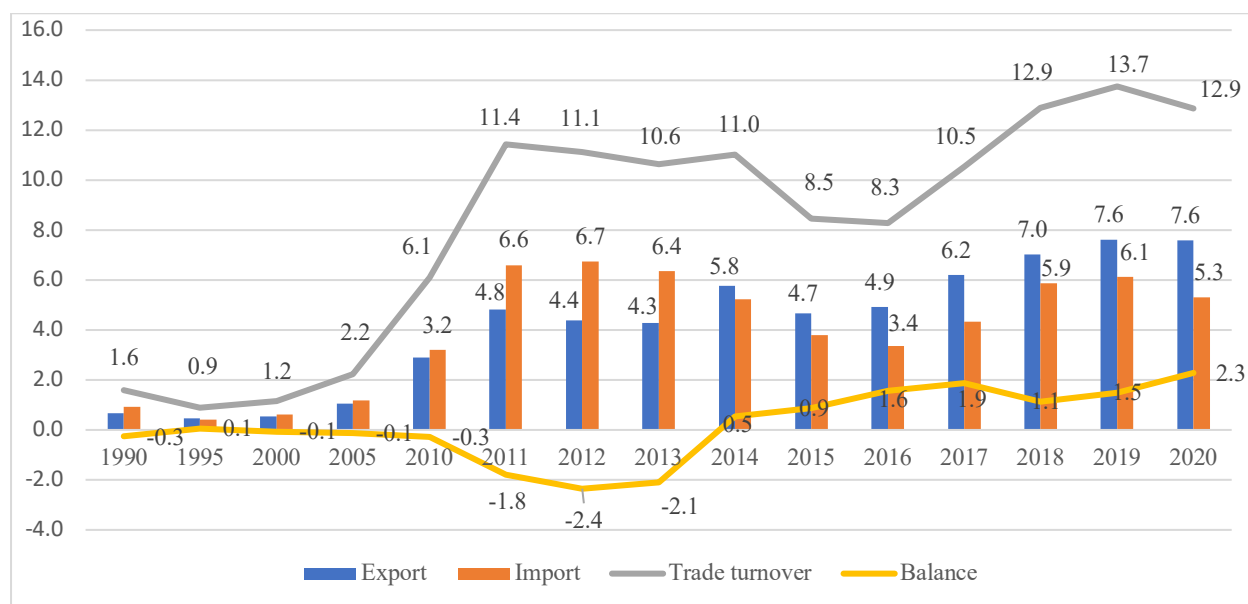
III.1. Overview of Mongolian foreign trade

Mongolia's foreign trade was challenged during the transition period, and trade turnover fell by 57 per cent to USD 708.9 million in 1991, but it has stabilized and steadily increased since the second half of the 1990s. The balance of the foreign trade was positive between 1994–1995, as well as in 2006, due to the revitalization of the manufacturing sector in the former and price increases for export products in the latter (Nyamdaa, 2015). Despite the country's economic growth, the trade balance was negative and the trade deficit increased in most of the years on the graph below.

Foreign trade turnover of Mongolia exceeded USD 1 billion in 2000 for the first time in a decade and it gradually rebounded to the level of its 1990s in 2003 (Nyamdaa, 2015). The overall amount of foreign trade in 2020 was USD 12.9 billion, down by 6% (or USD 877 million) from the previous year. This was attributed to a 1% drop in exports, (or USD 43 million), and a 14% drop in imports (or USD 834 million). Imports in 2019 totaled USD 6.1 billion, up USD 252.7 million or 4.3% from the previous year, indicating that Mongolian economy is still active and purchasing power exists, but that industrial growth is still lacking and products are still reliant on other countries. The graph below illustrates the growth of Mongolia's foreign trade over the last 30 years.

In terms of Mongolia's trading partners, although Mongolia traded goods with around 150 countries in 2020, only a few countries such as People's Republic of China, Russia, Japan, the ROK and the United States accounted for the majority of foreign trade, especially for two neighboring countries. In other words, China accounted for 57% of total trade turnover (or USD 7.4 billion), and Russia accounted for 11% (or USD 1.5 billion). As compared to the previous year, trade with Russia has decreased by 19%.

Graph 1 Mongolia's Foreign Trade, USD billion (1990-2020)



Source: Mongolian Statistical Yearbook, various issues

In terms of the composition of imports , automobiles, air and water vehicles, and their parts rose by USD 267.0 million, mineral products by USD 46.5 million, and plastics, rubber, and articles thereof by USD 33.5 million. The value of televisions and their parts fell by USD 45.0 million, while the value of plant products fell by USD 42.9 million. In 2020, imports were down by 14% due to lower investment and drop in the price of petroleum products, while consumer goods were down 1%.

Agriculture and mining, both traditional and productive industries in Mongolia, have been chosen as the economy's mainstays. Mongolia has seen a consistent pattern of export growth, with intermediate complexity products, such as mineral fuels, oils, and waxes, and travel and tourism products, contributing the most to export growth. On the other side, Mongolia's exports were strongly reliant on its two neighbors. In 2020, exports dropped by 1% compared to the previous year, due to the lower livestock and industrial product exports, while the mining sector expanded by 4%.

Table 1 Exports, by key partners, in the first 2 months of selected years

Countries	Jan-Feb 2019		Jan-Feb 2020*		Jan-Feb 2021*	
	Total amount, million US dollars	Share to total	Total amount, million US dollars	Share to total	Total amount, million US dollars	Share to total
Total	1 093.6	100.0	770.7	100.0	1 334.6	100.0
China	863.4	79.0	652.6	84.7	1 220.7	91.5
Singapore	3.5	0.3	5.4	0.7	34.7	2.6
Republic of Korea	5.4	0.5	2.4	0.3	29.6	2.2
USA	1.1	0.1	1.4	0.2	22.4	1.7
Russian Federation	8.8	0.8	6.6	0.9	17.9	1.3
Others	211.3	19.3	102.4	13.3	9.2	0.7

Note. From Mongolian Foreign Trade Statistic: Facts and Figures, by National Statistics Office of Mongolia.

(https://1212.mn/BookLibraryDownload.ashx?url=12_Foreign_trade_2021_02_en.pdf&ln=En)

Mongolia's trade policies and regulations are now relatively liberal and was reviewed by the WTO in 2005, 2014 and 2021. Mongolia's trade and investment system, as well as its policy orientation toward more inclusive trade, was praised by WTO members. Throughout the review period, notifications on agriculture, customs valuation, quantitative controls, subsidies, and import licensing were consistently noted as outstanding (WTO, 2021). Mongolia agreed to have an average Bound Rate of 17.5% when joining to the WTO, today it imposes 5.2% customs tariff (MFN) on all imported goods. Export and import activities are not subject to any quantitative restrictions and any extra taxes or fees, while a limited number of goods do require export and import licenses (Nyamdaa & Laashuu, 2021). The rights and obligations of parties to international contracts are regulated by the law of any country designated by the contracting parties, according to various international arbitration agreements, such as the New York and Washington Conventions, of which Mongolia is a party; therefore, parties to trade-related contracts are free to choose the legal authority for the contracts (WTO, 2005).

Mongolia aims to expand trade and investment relations with other countries, and has signed Investment Protection Agreements (IPAs) with 43 countries and double taxation treaties with 29 countries. Mongolia had not joined the economic group or the FTA until 2015 due to a variety of factors. To begin with, superpowers such as China and Russia have dominated Mongolia's foreign trade. On the one hand, establishing FTAs with these countries was a matter of national security, but on the other hand, joining a group of other countries that account for a little percentage of a country's foreign trade turnover was of no consequence.

Moreover, Mongolia benefits from a variety of Generalized System of Preferences (GSP) initiatives implemented by developed countries such as USA, Canada and Russia. Mongolia is also a beneficiary of the European Union's (GSP+), which suspends ad valorem taxes on all products listed in Annex II under the category of the special arrangement for sustainable development and good governance (Shagdar, 2005). The EU's (GSP+) is an autonomous trade arrangement through which the EU provides non-reciprocal preferential access to the EU market to developing countries and territories (EU, 2009). For instance, up to 7200 products from Mongolia are eligible for customs tariff exemptions under the scheme. The goods must originate in a partner country of the bilateral or regional agreement in compliance with the applicable rules of origin, according to the scheme requirement.

In the framework of Mongolia's export promotion policy, the "Concept of Establishing Free Zones" was introduced in 1995, and the Government passed laws governing special economic zones (Nyamdaa, 2018). Special economic zones (SEZs) have a positive effect on economic growth and development (Farole, & Akinci, 2011), and should be regarded as a tool to expand trade and investment opportunities in the development package FIAS (2008). There are now three SEZs in Mongolia: "Altanbulag" on Mongolia's Russian border, "Zamyn-Uud" on Mongolia's Chinese border, and "Tsagaan nuur" in Mongolia's western part. However, it was less-discussed form of economic tools in the portfolio, Mongolia has begun to place a greater emphasis on the development of free zones in recent years. The Government revised "The Law on Free Zones" in 2015. At the strategic level, talks with China have begun to create an economic cooperation zone at the border of the two countries.

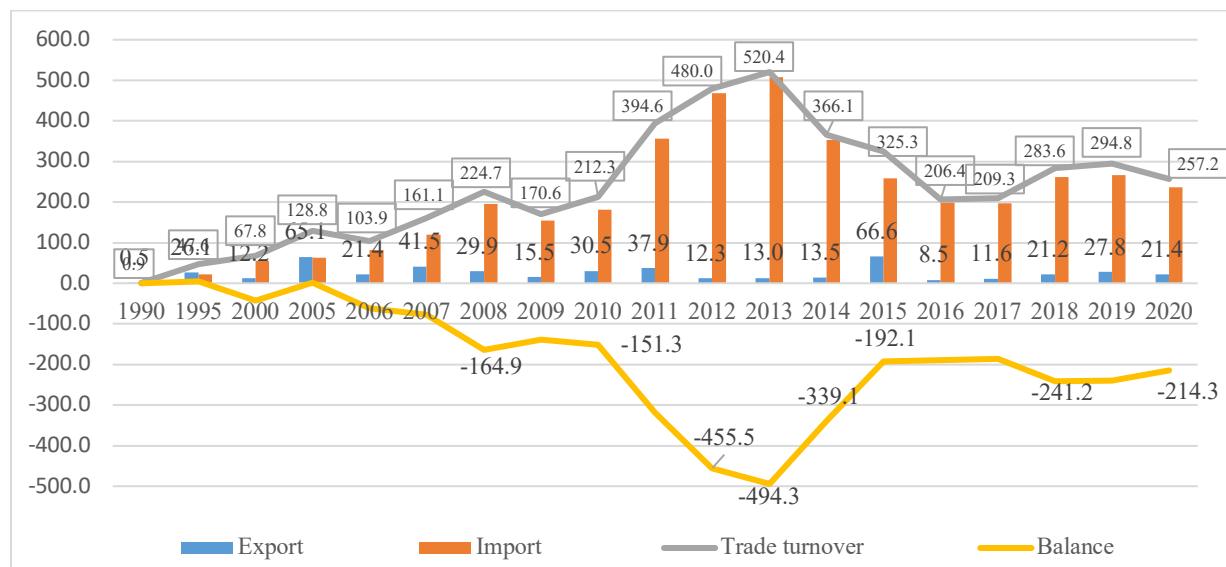
III.2. State of trade between Mongolia and the Republic of Korea

Mongolia and Korea have a long and prosperous history together in Northeast Asia. Since the establishment of diplomatic relations between Mongolia and the ROK in 1990, relations have strengthened in a variety of areas, including politics, culture, education, economy, and investment. Enhancing the trade and economic cooperation with Korea, as a major strategic partner, is critical for Mongolia's economic integration, international competitiveness, and long-term economic development. Both countries have sought to establish diplomatic relations between Mongolia and the Republic of Korea, and this issue has been actively discussed and achieved in a relatively short period of time. In 1990, the two countries established diplomatic relations, and in 1991, they signed the Agreement on Mutual Promotion and Security of Investments. Following that, two countries established embassies in each other's capitals (Nyamdaa & Laashuu, 2021). Since 2000, relations between the two countries have accelerated

in the social, economic, and cultural fields. In 2006, the President of the ROK made a visit to Mongolia to negotiate bilateral ties and good neighborly policies, which helped to boost trade and investment. There were six visits by Presidents, five visits by Prime Ministers, five visits by Speakers of Parliaments, and eight visits by the Minister of Foreign Affairs between 1991 and 2014 (Norovsambuu, 2015).

In 2013, bilateral trade between Mongolia and the Republic of Korea hit a high of more than USD 520.4 million. Korean exports (USD 507.4 million) accounted for the majority of the rise. Mongolia's 6th largest export and 5th largest import partner in 2020 was Korea, while Korea's 77th largest export and 117th largest import partner was Mongolia. The graph below depicts the state of trade between the two countries during the last three decades.

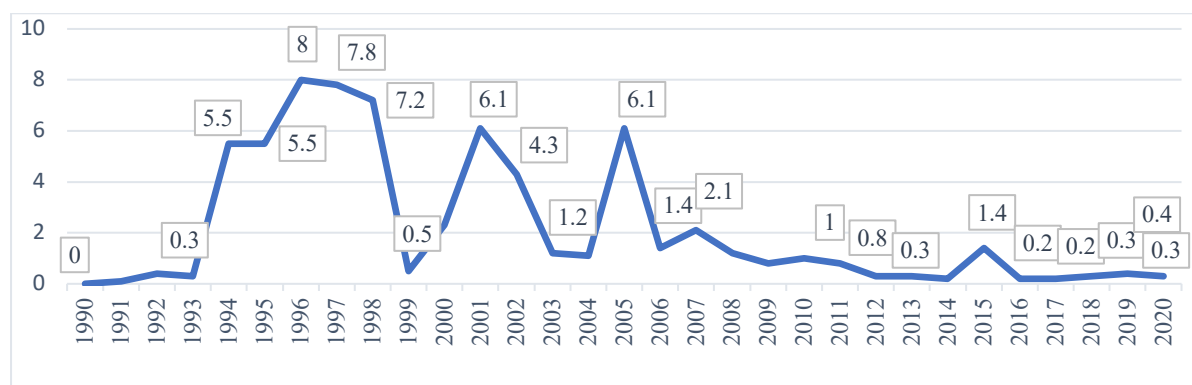
Graph 2 Mongolia's trade with the Republic of Korea, USD million (1990-2020)



Source: Mongolian Statistical Yearbook, various issues

Since the establishment of diplomatic relations in 1990, Korea's share of Mongolia's exports has continuously climbed, peaking at 8% in 1996, before fluctuating significantly until 2006. However, as shown in Figure 3, the volume of trade has dropped drastically from 2006 to 0.2-0.3 percent in recent years

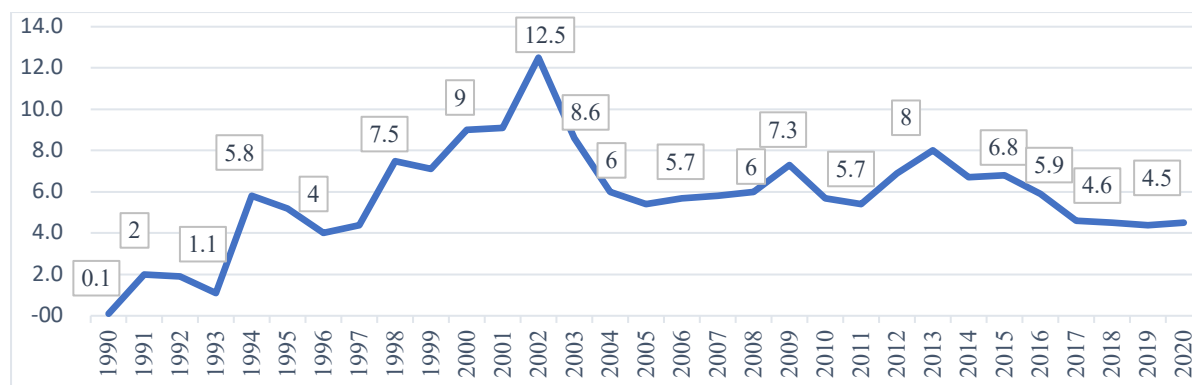
Graph 3 The share of the Republic of Korea in Mongolia's total exports, % (1990-2020)



Source: Mongolian Statistical Yearbook, various issues

The range of products that Mongolia exports to the Korea varies from year to year. For instance, copper concentrate and sheep wool dominated in 1995-1999, while molybdenum concentrate and combed light cashmere dominated in 2005-2015, and semi-processed gold was a major commodity from 2005 to 2007 (Nyamdaa & Laashuu, 2021). The Republic of Korea is Mongolia's fifth largest import partner, and Mongolia import products mainly passenger cars, construction materials, petroleum products, textiles, tobacco, cosmetics and food.

Graph 4 The share of the Republic of Korea in Mongolia's total imports, % (1990-2020)



Source: Mongolian Statistical Yearbook, various issues

III.3 FTA experiences of Korea and Mongolia

In the initial stages of Korea's economic development, industrial and trade policies were key to the country's overall economic strategy, and the country had little motivation to pursue regional agreements because its trade policies had resulted in increasing trade expansion. Since 1990, the Korean government has accelerated trade liberalization by lowering trade barriers and lowering tariffs. To deal with the rise of regionalism, Korean policymakers changed their apathetic attitude toward regional trading blocs and began discussions on the formation of free trade agreements in 1998 (Hyun, 2003). For instance, its first FTA was with Chile and merely a defensive response to the rapid proliferation of FTAs in the regions. In other words, they began by vigorously pursuing mega-FTAs and exploring new FTAs with emerging economies to expand their FTA network. As a result, FTAs have become an increasingly essential aspect of Korea's trade policy. According to Lee Siwook (2021), the historical evolution of Korea's FTA policies may be divided into three phases.

Table 2 Historical Evolution of Korea's FTA policy

	FTA 1.0 Period (1998-2004)	FTA 2.0 Period (2004-2012)	FTA 3.0 Period (2012 and Onward)
Policy Focus	Initial FTA experimentation and Institutional Set-Ups	Full-Scaled and Simultaneous FTA Promotion	Mega FTAs Participation and East-Asian Economic Integration
Key Institutional Moves	<ul style="list-style-type: none"> - Chile as the first FTA negotiation partner (1998) - Establishment of OMT (Office of the Minister of Trade) (1998) - Special Act on Assistance to Farmers, Fishers, etc following the conclusion of FTAs (2004) 	<ul style="list-style-type: none"> - FTA roadmap (2003-04) - Rules on FTA Negotiations and Signing (2004) - Act on Trade Adjustment Assistance (2007) - Act on Conclusion Procedure and Implementation of Commercial Treaties (2012) 	<ul style="list-style-type: none"> - FTA New Roadmap (2013) - Initiation of Korea-China-Japan FTA negotiation - Initiation of RCEP negotiation

FTAs in effective	Chile (2004)	Singapore, EFTA (2006), ASEAN (2007), India (2010), Peru, EU (2011), US (2012)	Turkey (2013), Australia (2014), Canada, New Zealand, Vietnam, China (2015), Colombia (2016), 5 countries in Central America (2019-2020)
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Source: Trade Policy and Trade Agreements: Insights from the Korean Experience (mimeo)

Following the conclusion of their first FTA in 2003, they began to look about FTAs more seriously, and in 2004, they introduced the “FTA Promotion Roadmap,” which outlined the country's mid and long-term trade policy goals, negotiating sequences, and other FTA components. (Lee, Mimeo). As a result, Korean authorities have shifted their conventional approach to regional trading blocs and are continuing to investigate the prospect of forming free trade agreements with their trading partners. Korea's FTA policy has shifted from defensive to supportive of domestic reforms and regulatory change since the mid 2000s. Priority was given to FTAs with large countries like US in the second phase of development. Following the period, Korea has pursued FTA policies with emerging economies since 2013, ensuring full implementation of existing treaties and strengthening political ties in order to expand market size, attract foreign direct investment, and boost productivity.

One of the most essential aspects of each stage of FTA development is the introduction of new policy documents that support their objectives. For instance, in 2004, Korea launched the “FTA Promotion Roadmap,” which was revised in 2013, with the goal of pursuing mutually advantageous FTAs on the international stage while also becoming a cornerstone in regional economic integration.

The “Act on Trade Adjustment Assistance Following Free Trade Agreements,” which was introduced in 2007 by the government, is another essential document. The primary goal of this document is to aid manufacturing and service companies who have suffered losses or injuries as a result of negotiated FTA implementation.

The trade procedure act lays forth the steps for preparing and concluding free trade agreements. It also establishes public advisory committees and public hearings, as well as the procedures necessary to improve openness, as well as public comprehension and civil society engagement.

Before starting negotiations, the government must perform a detailed ex-ante analysis of on FTA with potential partners. The Korean Ministry of Trade, Industry, and Energy (MOTIE) is in charge of conducting feasibility studies, negotiations, and procedures for coping with

potential FTA issues. At the same time, the President of Korea has the authority to initiate and end conclude free trade agreements. Therefore, continual reporting to the National Assembly is required before any agreements can be ratified, and the President only ratifies the FTA if the National Assembly agrees to sign it after examining it. Korean economy is significantly reliant on exports, obtaining FTAs is critical for the country's long-term development. Korea now has 17 free trade agreements in place with 57 nations around the world.

The purpose of establishing a FTA with another country varies based on the current binding restraints on an economy and market access. For instance, ADB (2008) emphasized that FTA between the Republic of Korea and Chile shows that the ROK has a strong comparative advantage in manufacturing while Chile has also significant comparative advantage in agricultural products. Furthermore, each country is extremely competitive in these areas on a worldwide scale, implying that trade diversion losses will be minor in comparison to trade creation. In other words, they are compatible in numerous ways in terms of expanding goods trade since one or both of them require access to a larger integrated market in order to profit from scale economies in production or increased competition.

Mongolia had long endeavored to reach an FTA with its trading partners, as mentioned in the previous section. In this way, the state development documents include this goal. For instance, Article 5.6.3 of the Action Plan of the Government of Mongolia for 2016-2020 states, “To deepen traditional relations and cooperation with third neighbors and other countries such as the United States, Japan, the European Union, India, the ROK, and the Republic of Turkey, and to promote trade and economic cooperation”, also the Article 5.6.5 states that “relevant studies will be initiated to conclude agreements with major trading partners and other countries aimed at facilitating trade and reduce trade tariff and non-tariff barriers”.

Mongolia signed its first Free Trade Agreement (FTA) with Japan on February 10, 2015, and it went into effect on June 7, 2016. According to the agreement, Mongolia will eliminate 59 percent of customs taxes on certain foreign goods (3429 types of goods) from the date of the agreement's entry into force, while Japan will exempt 86 percent (8000 types of goods). The agreement covers trade in goods, rules of origin, customs procedures, technical barriers to trade, trade in services, investment, improvement of the business environment, intellectual property rights, e-commerce, competition policy, dispute resolution, and some specific issues such as government procurement. However, according to reports, agreements haven't always been mutually advantageous, and the EPA with Japan hasn't yielded the intended benefits. This

could be due to a lack of exporting expertise, which is linked to a lack of coordination between Mongolian and Japanese institutions.

Furthermore, Mongolia and the Republic of Korea agreed to form a joint working group in 2016 to investigate the possibility of concluding an economic partnership agreement to broaden trade and economic cooperation between the two countries. Subsequently, in September 2016, the parties signed a “TOR-Terms of Reference” and started a joint study. On November 27, 2020, the Mongolian Ministry of Foreign Affairs and the Republic of Korea's MOTIE (FTA Policy Planning Division) held an online meeting to discuss the renewal of the joint study. They agreed to update the study using relevant trade and economic statistics from both countries since 2017.

The Bangkok Agreement, which includes India, South Korea, Sri Lanka, Laos, and Bangladesh, was signed in 1975 to support free and open trade and investment, promoting and accelerating regional economic integration in the Asia-Pacific area. In 2001, China joined the deal, and in 2005, the signatories enlarged its scope by ratifying the Bangkok Agreement as the Asia-Pacific Trade Agreement (APTA). As part of its regional economic integration strategy, Mongolia applied for membership in the APTA in 2009 and entered into a series of negotiations with the parties to the agreement on a list of national concessions, including 366 items, in September 2018. The State Great Hural (Parliament) of Mongolia ratified the draft law on acceding to the APTA on December 12, 2019, making it the seventh member of the APTA, and the agreement went into effect on January 1, 2021. Mongolia's membership of this agreement would grant it preferential access to the markets of other members (China, South Korea, India, Bangladesh, Laos, and Sri Lanka), as well as the most favorable tariffs for 366 products in HS 6 digits entering the Mongolian market. As a result of the APTA's 4th Round, tariffs could be reduced by up to 31.4% (Nyamdaa & Laashuu, 2021). This was Mongolia's first Regional Trade Agreement (RTA), and it can be used to forecast the benefits and hazards of negotiating Free Trade Agreements with the ROK.

IV. EMPIRICAL RESULTS

The results of this analysis are based on the theory of gravity models, and the coefficients are also statistically significant. The gravity model's major explanatory variables are GDP, RTA, Contiguity, and Distance, hence the findings for these are provided.

Table below illustrates the results of estimating the gravity model as defined in equation using Stata 17.0.

Table 3 The findings of a pilot study based on a Gravity Model

.linear regression		Number of obs	=	1,407		
		F(41, 1365)	=	112.54		
		Prob > F	=	0.0000		
		R-squared	=	0.5831		
		Root MSE	=	1.6272		
lnx	Coefficient	Robust std. err.	t	P> t	[95% conf. interval]	
lnGDP	.9458936	.0281585	33.59	0.000	.890655	1.001132
lnD	-1.242598	.1141884	-10.88	0.000	-1.466601	-1.018594
rta	.6576395	.1807742	3.64	0.000	.3030142	1.012265
contiguity	2.175281	.1594891	13.64	0.000	1.862411	2.488152

The estimated coefficient for the GDP of the partner countries is 0.945, which means that a 1 % increase in the GDP of the partner country boosts Mongolian trade by 0.945 %.

When the distance between Mongolia and its partner countries grows by 1%, the trade between the two countries shrinks by 1.242 %. In other words, Mongolian trade weakens as a result of the distance between Mongolia and its trading partners.

Mongolia's trade has the potential to rise 0.657 % yearly if it concludes FTAs with its partners (this is estimated when Mongolia has an FTA with Japan).

However, it is important to specify demands of products in a target market and to be able to satisfy those demands while exporting goods to the market. For this reason, Korea's import comparative advantage indexes were used to determine the Korea's demand for Mongolian exports, while the comparative advantage index of Mongolian exports was used to determine Mongolia's export ability. If both the export (RXA)² and import (RMA)³ comparative advantage indexes are greater than one, a product is deemed marketable.

In order to classify Mongolia's potential export products to Korea based on the comparative advantage index of Mongolian exports and imports of Korea. Using the 2019 statistics released

² $RCA_{ij} = RXA_{ij} = (x_{ij} / X_{it}) / (x_{wj} / X_{wt})$: Revealed comparative advantage or revealed export advantage

³ $RMA_{ij} = (T_{ij} / M_{it}) / (T_{wj} / M_{wt})$: Revealed import advantage

by the International Trade Center, 6295 goods were estimated at the level of 6 digits of the Harmonized System⁴.

Analyses suggested that Mongolia is expected to have a comparative advantage of exporting 100 products of the classification and Korea is expected to have a comparative advantage of importing 1389 products of the classification. Simply due to overlapped goods on the list, more than 30 different types of products can be exported to Korea (Table 1).

**Table 4 Overlap of the Comparative Advantages of
Mongolian Exports (RXA) and Korean Imports (RMA)**

(HS code)	Descriptions	(MNG RXA)	(KOR RMA)	Share in the Total Exports of Mongolia	Share in the Total Imports of Korea	Korea's Import Growth Rate (%)	
						2016-2019	2018-2019
510531	Hair of Kashmir "cashmere" goats, carded or combed	1734.3	5.3	0.59%	0.00%	7.19	-1.01
252921	Fluorspar containing by weight <= 97% calcium fluoride	1338.2	2.4	2.40%	0.00%	15.04	8.13
261100	Tungsten ores and concentrates	115.8	3.9	0.09%	0.00%	28.44	35.48
270112	Bituminous coal, whether or not pulverized, agglomerated	81	5.5	40.14%	2.60%	16.95	-10.83
260300	Copper ores and concentrates	76.2	2.2	23.57%	0.69%	6.93	-14.95
261390	Molybdenum ores and concentrates (excluding roasted)	69.84	4.1	0.64%	0.04%	31.43	-8.88
610210	Women's or girls' overcoats, car coats, capes, cloaks, anoraks,	43.3	2	0.06%	0.00%	24.66	64.72

⁴ The Harmonized Commodity Description and Coding System, also known as the Harmonized System code (HS code) of tariff nomenclature is an internationally standardized system of names and numbers to classify traded products. It came into effect in 1988 and has since been developed and maintained by the World Customs Organization (WCO).

(HS code)	Descriptions	(MNG RXA)	(KOR RMA)	Share in the Total Exports of Mongolia	Share in the Total Imports of Korea	Korea's Import Growth Rate (%)	
						2016-2019	2018-2019
	incl. ski jackets, windcheaters						
260800	Zinc ores and concentrates	42.1	5.9	2.48%	0.34%	7.33	-22.29
260700	Lead ores and concentrates	30.2	9.5	0.88%	0.27%	-5.1	-10.41
510510	Wool, carded	29.7	4.2	0.01%	0.00%	-10.1	4.14
610451	Women's or girls' skirts and divided skirts of wool or fine animal hair, knitted or crocheted	28.3	1.4	0.01%	0.00%	26.28	14.77
050790	Tortoiseshell, whalebone and whalebone hair, horns, antlers, hooves, nails, claws and beaks	24.9	12	0.02%	0.01%	-2.25	-10.57
610441	Women's or girls' dresses of wool or fine animal hair, knitted or crocheted (excluding petticoats)	22.1	1.1	0.03%	0.00%	11.85	-10.19
611012	Jerseys, pullovers, cardigans, waistcoats and similar articles, of hair of Kashmir "cashmere"	21.8	1.4	0.21%	0.01%	22.21	11.3
511111	Woven fabrics containing \geq 85% carded wool or carded fine animal hair by weight and weighing	16.8	2.1	0.01%	0.00%	-5.59	-25.59
020422	Fresh or chilled cuts of sheep, with bone in (excluding carcasses and half-carcasses)	14.8	1.1	0.10%	0.01%	49.78	13.87
260111	Non-agglomerated iron ores and concentrates	13.8	1.9	7.50%	1.29%	19.89	33.69

(HS code)	Descriptions	(MNG RXA)	(KOR RMA)	Share in the Total Exports of Mongolia	Share in the Total Imports of Korea	Korea's Import Growth Rate (%)	
						2016-2019	2018-2019
	(excluding roasted iron pyrites)						
510539	Fine animal hair, carded or combed (excluding wool and hair of Kashmir "cashmere" goats)	8.1	3.9	0.02%	0.00%	51.94	51.75
270111	Anthracite, whether or not pulverised, non-agglomerated	8	6	0.16%	0.18%	6.9	-22.36
621420	Shawls, scarves, mufflers, mantillas, veils and similar articles of wool or fine animal hair	5.4	1.6	0.03%	0.01%	12.59	-11.44
611019	Jerseys, pullovers, cardigans, waistcoats and similar articles, of fine animal hair, knitted	4.8	1.4	0.02%	0.00%	43.42	32.1
051000	Ambergris, castoreum, civet and musk; cantharides; bile, whether or not dried; glands and other	4.2	4.9	0.01%	0.01%	20.1	-0.76
050400	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof, fresh	4.1	1.4	0.11%	0.03%	43.47	16.07
150600	Other animal fats and oils and their fractions, whether or not refined, but not chemically	3.3	1.7	0.01%	0.00%	36.88	120.05
620211	Women's or girls' overcoats, raincoats, car coats, capes, cloaks and similar articles, of wool	3.2	3	0.03%	0.03%	8.12	8
510529	Wool, combed (excluding that in fragments "open tops")	2.2	1.7	0.02%	0.01%	-10.7	-26.27

(HS code)	Descriptions	(MNG RXA)	(KOR RMA)	Share in the Total Exports of Mongolia	Share in the Total Imports of Korea	Korea's Import Growth Rate (%)	
						2016-2019	2018-2019
510810	Carded yarn of fine animal hair (excluding that of wool or that put up for retail sale)	2.2	2.5	0.01%	0.00%	2.72	6.07
620111	Men's or boys' overcoats, raincoats, car coats, capes, cloaks and similar articles, of wool	2.1	2.6	0.01%	0.01%	2.6	1.36
780199	Unwrought lead (excluding refined lead and lead containing by weight antimony as the principal	1.7	1	0.01%	0.01%	14.72	-5.84
270900	Petroleum oils and oils obtained from bituminous minerals, crude	1.1	2.5	4.81%	13.95%	16.64	-12.67

Note: Estimated by Balassa's method using International Trade Center data.

Empirical findings have shown that Mongolia's comparative export advantages, the majority of comparatively advantageous products were Ricardo products, which are based on natural resources such as extractive industries and livestock raw materials. Korea's comparative import advantage index shows that the country's high demand for iron, copper and coking coal is high due to the development of heavy industries such as metallurgy, machinery, ships and electronics. Mongolia has the comparative advantage of exporting iron, copper, zinc, molybdenum, and ore concentrates required for these industries, however the transportation costs are high. Therefore, it is possible to supply some of the final products required for the above-mentioned Korean production by establishing a joint venture in Mongolia. Also, animal products, as described in HS 05, "Products of animal origin, not elsewhere specified or included" are likely to be the primary raw materials for the Korean food and cosmetics industries. These products are not on the Republic of Korea's national tariff list under the APTA. If Mongolia and the Republic of Korea sign a FTA in the near future, they could be able to agree on "zero" tariffs on these goods, but sanitation and standard requirements must be met.

The potential to increase trade between Mongolia and the Republic of Korea is also determined by the respective trade structures of the two countries. The Trade Intensity Index⁵, which is determined by comparing the share of a country's exports to a partner country with the share of world exports to that partner country, was used to refine abovementioned calculations. The analysis was based on statistics from the International Trade Center. The total trade intensity index between Mongolia and the Republic of Korea is 15.34, with apparel and clothing accessories knitted or crocheted of HS 61 having the highest trade intensity and most other comparative advantageous products having the lowest.

CONCLUSION AND RECOMMENDATIONS

Mongolia and the Republic of Korea have long-standing friendly political and economic relations in the North-East Asia. Bilateral trade between the two countries increased by 146 times since the establishment of diplomatic relations, from USD 2.7 million in 1990 to USD 395 million in 2011, and peaked in 2013 at USD 520 million. Since then, however, it has continuously decreased, reaching USD 257 million in 2020, which is still below expectations. Mongolia has unique aspects, particularly when it comes to agriculture and natural resources. The Republic of Korea, on the other hand, has rapid technological advancements and high level of skill in high-tech industries. In this context, both countries are looking for ways to boost the trade and the two countries have taken steps establishing FTA. On the other hand, each country has its comparative advantages and thus room to improve economic ties. In addition, Mongolia also joined the Asia-Pacific Trade Agreement in 2020, which took effect on January 1, 2021, and is pursuing ways to expand trade and investment with the Korea.

The two countries have different backgrounds when it comes to negotiating and implementing FTA. For example, Korea now has 17 FTAs in effect with 57 countries throughout the world and over 70% of Korea's trade comes from its FTA partners. Mongolia, on the other hand, is a country with little experience in free trade agreements, as it has only recently signed an EPA with Japan.

This study uses ex-ante evaluations to determine the prerequisites for concluding a free trade agreement with Korea. According to the Gravity model estimations, coefficient for the GDP of the partner countries was 0.945, which means that a 1% increase in the GDP of the partner country boosts Mongolian trade by 0.945%. When the distance between Mongolia and its

⁵ $T_{ij} = (x_{ij}/X_{it})/(x_{wj}/X_{wt})$

partner countries grows by 1%, the trade between the two countries shrinks by 1.242%. the distance between Mongolia and its trading partners has a detrimental influence on trade turnover. Moreover, Mongolia's trade has the potential to rise 0.657 % yearly if it concludes FTAs with its partners (this is estimated when Mongolia has an EPA with Japan).

Another goal of this study was to identify which Mongolian products have the potential to be exported to ROK, a major trading partner. The potential to increase trade between Mongolia and the Republic of Korea is also determined by the respective trade structures of the two countries. According to the RCA analysis, Mongolia has a comparative export advantage in mineral raw materials such as exporting iron, copper, zinc, molybdenum, and ore concentrates and livestock products. Korea's comparative import advantage index indicates that the country's high demand for iron, copper, and coking coal is due to the development of industries such as metallurgy, machinery, ships, and electronics. As a result, items required for the aforementioned Korean industry, as well as animal products indicated in HS 05, "Products of animal origin, not elsewhere specified or included," are likely to be exported to the ROK. The trade intensity index, on the other hand, indicates that this potential is not being taken advantage of. Because only a few products have the highest trade intensity, despite the fact that the total trade intensity index between two countries is relatively high (15.34), and most other comparative advantageous products have the lowest intensity.

Some policy recommendations are provided based on the preceding analysis. First, Mongolia should make a new roadmap for future trade agreements based on its comparative advantage, focused on developed countries. To put it another way, the new FTA strategy should prioritize export markets and the usage of the global value chain. Mongolia's emphasis should be on introducing new commodities to the export mix and expanding export destinations (Lee, 2013).

Moreover, in terms of economic performance, as well as industrial and trade structure, Mongolia is regarded as a developing country. As a result, strategies utilized by developed countries in FTA negotiations should be analyzed. According to the experience of countries with FTAs, the agreement improves domestic market competitiveness. As a result, it's critical to comprehend the types of challenges that businesses experience and make an effort to overcome them. For instance, the Korean government offers a number of programs to assist companies gain market access. Because how well firms utilize the opportunities provided by FTAs determines the result of the agreement. They also make policy effective by actively including stakeholders in all negotiating and implementation phases.

At the strategic level, the two countries must maximize the benefits of complementary trade structures. In other words, the two countries' trade strategies must be refined by the FTA in light of changing circumstances. Trade is about more than just trading goods and services between countries; it's also about advancing the development through culture, technology, and information.

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Annexes

Table 5 Korea's FTA partners

Partner country	Progress			Significance
	Initiated	signature	Implementation	
Chile	1999.12	2003.02	2004.04	The first FTA, a bridgehead in the Latin American market
Singapore	2004.01	2005.08	2006.03	ASEAN market bridgehead
EFTA ¹⁾	2005.01	2005.12	2006.09	European market bridgehead
ASEAN ²⁾	2005.02	2006.08	2007.06	The first FTA signed with a large economy
		Commodity Trade Agreement	(Trade Agreement for Goods)	
		2007.11	2009.05	
		Service Agreement	(Service Agreement)	
		2009.06	2009.09	
		Investment Agreement	(investment agreement)	
India	2006.03	2009.08	2010.01	BRICs country, huge market
EU ³⁾	2007.05	2010.10.06.	2011.07.01. Provisional	huge advanced economy
			2015.12.13. (All)	

Partner country	Progress			Significance
	Initiated	signature	Implementation	
			*2011.07.01. Provisional application for 4 years and 5 months since then	
Peru	2009.03	2011.03.21.	2011.08.01.	A bridgehead to advance into Latin America, a resource-rich country
United States of America	2006.06	2007.06	2012.03.15.	The world's largest economy (based on GDP)
	2018.01	2018.09.24.	2019.01.01.	
	(Revision Negotiation)	(Revision Negotiation)	(Amendment Protocol)	
Turkey	2010.04	2012.08.01. (Basic Agreement, Trade Agreement for Goods)	2013.05.01. (Basic Agreement, Trade Agreement for Goods)	A bridgehead to advance into Europe and Central Asia
		2015.05.26.	2018.08.01.	
		(Service and Investment Agreement)	(Service and Investment Agreement)	
Australia	2009.05	2014.04.08.	2014.12.12.	Resource-rich countries, major markets in Oceania

Partner country	Progress			Significance
	Initiated	signature	Implementation	
Canada	2005.07	2014.09.22.	2015.01.01.	North American advanced market
China	2012.05	2015.06.01.	2015.12.20.	Korea's number one trading partner (as of 2019)
New Zealand	2009.06	2015.03.23.	2015.12.20.	Oceania Main Markets
Vietnam	2012.08	2015.05.05.	2015.12.20.	Korea's 5th largest investment destination country (as of 2019)
Columbia	2009.12	2013.02.21.	2016.07.15.	Resource-rich countries, emerging markets in Latin America
5 countries in Central America ⁴⁾	2015.06	2018.02.21.	2021.03.01. whole fermentation	Creation of new markets in Central America
England	2017.02	2019.08.22.	2021.01.01.	Korea-UK trade relations continue after Brexit

Source: <https://www.fta.go.kr//main/situation/kfta/ov/>