

THE  
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## Seoul Trader

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Faisal Islam, Political Editor at Sky News, today reported that the Trade Secretary Liam Fox is visiting Korea, a key trade partner of the UK.

I noticed that Islam [tweeted](#) what has long been suspected regarding the possible rollover of the EU-Korea FTA, namely that “the EU has not and will not write key letter to Seoul and the other dozens of trade partners asking them to treat UK as a continuing EU member in transition for purposes of trade until Withdrawal Deal done. Limbo.”

A little background: the EU has an FTA in force with Korea. As a matter of law, that will cease to apply to the UK when it leaves the EU on 29 March 2019. Earlier in the year the EU agreed to write a letter to Korea, and its other FTA partners, requesting that the UK is treated as a continuing member of the EU during the transition period into which the UK will move, assuming that a Withdrawal Agreement can be finalised before 29 March 2019 (which despite recent blips I think is still probable, if not certain). If they all say yes, this prevents the scenario under which the UK is effectively treated as a member of the EU by the EU and itself until 1 January 2021, but it falls out of the FTAs, third countries not being bound by the Withdrawal Agreement.

A Withdrawal Agreement is unlikely to be finalised until next month at the earliest. At that point, the EU will ask Korea whether the FTA can still apply to the UK. Korea may say yes, it may say no, or it may say yes subject to conditions/concessions. It may not assent, if it assents at all, before 29 March 2019.

Many UK businesses consider that if the UK enters into transition, nothing will change until 1 January 2021. That may largely be true, although no business should assume that the UK will enter into a transition period and avoid a cliff-edge Brexit next year, and businesses should have advanced “no deal” plans by now. But the EU-third country FTA issue could be a problem for some businesses even if the UK goes into transition.

Any UK business that trades with Korea, or any other country with which the EU has an FTA, needs to consider what might happen if that FTA ceases to apply in March 2019. So does any business in a country like Korea that has an FTA with the EU that trades with the UK.

Undoubtedly Dr Fox will have raised this point with his counterpart in Seoul. But Islam is correct that businesses are in limbo on this point as much as they are on whether the UK will get a “deal” with the EU. Businesses need to ensure it is on their Brexit checklists.

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