



Mr David O'Sullivan  
Director General  
DG Trade  
European Commission  
200 rue de la Loi  
B-1049 Brussels

10 October 2007

Dear Director General,

I am writing to you in connection with the upcoming EU-Korea Free Trade Agreement (FTA) negotiating round of 15-19 October. Following discussions with EU negotiators, Korean business partners and press reports, BUSINESSEUROPE is concerned that the ambitions for an FTA with Korea will be lowered. I would therefore like to restate some BUSINESSEUROPE positions on the EU-Korea FTA.

Any EU-Korea FTA should ensure, as a minimum, a level playing field for EU companies in Korea, equal to that enjoyed by its main competitors in countries who have signed a FTA with South Korea.

More specifically, BUSINESSEUROPE calls for:

- Tariff elimination on all industrial product lines as fast as possible; for sensitive products there should be a transition period no longer than 5 years (7 years for highly sensitive products). Substantial tariff reductions or other forms for market access on food, drinks and other agricultural products.
- Non-Tariff barriers should effectively be removed. The Commission should work to make sure that Korea recognises international UN/ECE standards within the automobile industry, if common standards cannot be agreed upon; accept supplier's declaration of conformity; conformity assessment bodies should be allowed outside the other party's (EU and South Korea) territory. Furthermore trade facilitation securing faster and more efficient customs clearance should be included in the agreement. An effective NTB arbitration system will be crucial to remove new NTBs.
- An ambitious agreement within services should cover all modes of supply and should use a negative list approach. Red tape in relation to investments in different financial sectors should be reduced, and caps on foreign ownerships should be abolished.

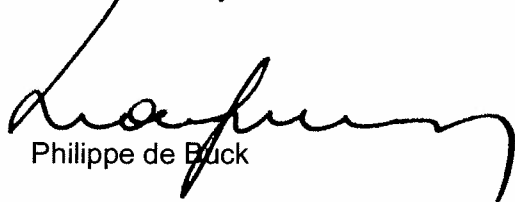


- South Korea should, where appropriate, install systems to enforce competition policy and improve enforcement of intellectual property rights (IPR). South Korea should also liberalise the markets for public procurement and secure transparency in market relations between suppliers and operators.

In addition, I would like to express our concerns about the risk of unfair competition from products manufactured in the Kaesong industrial zone in North Korea – an area which is likely to remain off-limits for European companies given the current political situation in that country. According to our information, the Kaesong industrial zone is not considered part of territory of South Korea but BUSINESSEUROPE would like to know how it will be treated in a future FTA. BUSINESSEUROPE would like the Commission to provide further clarification on this matter as soon as possible.

BUSINESSEUROPE looks forward strengthening cooperation with the Commission to ensure a successful outcome of the EU-Korea free-trade agreement negotiations.

Yours sincerely,



Philippe de Buck