



The Rt. Hon. Baroness Catherine Ashton PC
Commissioner for Trade
European Commission
B-1049 Brussels

16 January 2009

Dear Commissioner,

As you depart for the EU-Korea Ministerial meeting on 19-20 January in Seoul, I urge you to set the highest standards for any deal on an EU-Korea Free Trade Agreement (FTA).

The outcome of these negotiations will be hugely important for the EU's competitiveness. Korea is an important Asian economy in whose trade Europe is underrepresented. An agreement with Korea would also be the first under the Global Europe strategy and accordingly set a precedent for other negotiations. For both of these reasons it must be highly ambitious in terms of real new market access in goods and services.

A major result on goods market access must be the keystone of any deal. Full, reciprocal tariff liberalisation of industrial goods and far reaching liberalisation with a minimum number of exceptions in agricultural products must be the starting point. Given the nature of South Korea's system, however, it is paramount that the deal also breaks new ground on non-tariff barriers. It must remove well-known specific barriers in a number of sectors and establish a robust mediation mechanism for any future NTB issues. Tariff elimination will mean very little without resolution of companies' frequently expressed NTB concerns.

Services liberalisation is another vital building block. It is welcome that Korea has agreed to guarantee the same treatment to European companies as would be guaranteed to our American counterparts under the Korea-US agreement. However, in a number of areas – including the provisions concerning data transfer for financial services companies and the rules on establishment for legal services – more will be needed to achieve real market access.



The agreement's rules of origin will be fundamental to how it functions in reality. The EU must preserve as much as possible its standard rules of origin in order to maximise transparency and minimise administrative burden for European companies. Derogations to satisfy Korean demands would set a negative precedent for future agreements. BUSINESSEUROPE also strongly supports the Commission's firm stance on the prohibition of drawback. This is an important competitiveness issue for many companies. Also in this category, BUSINESSEUROPE requests further clarification of the Kaesong Industrial Zone issue and its potential impact on European producers.

A final area of concern is the rules package. On top of non-tariff barriers BUSINESSEUROPE is anxious that there be significant results in public procurement, investment, trade facilitation, intellectual property rights and subsidisation. The IPR disciplines should include improved enforcement, enhancement of the IPR legal framework and a result on geographical indications. On subsidies, the agreement should address distortions in the area of export credit insurance among others.

A final package with Korea must tackle the elements outlined above if it is to deliver real market access and serve as a benchmark for other deals. We urge you to deliver an agreement of the highest quality. The level of ambition must be more important than timing in reaching a conclusion.

Commissioner, I wish you the very best for these discussions and for all your work in 2009.

Yours sincerely,



Philippe de Buck