BUSINESSEUROPE

THE DIRECTOR GENERAL

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

6 July 2009

Dear Commissioner,   *Dear Catherine,*

I write to you to express BUSINESSEUROPE's support for the conclusion of a balanced free trade agreement with South Korea. The deal that is on the table would create important new export opportunities for European companies; conclusion would send the strongest signal on the commitment of the European Union to the principle of trade liberalisation, even during difficult times.

However, in order to achieve this, the final deal will need to be balanced and fair. The list of outstanding issues needs to be resolved to the satisfaction of European companies; for most of them, substantial progress has been made. Others, such as rules of origin, still remain to be properly settled.

The most difficult open question remains the provision on duty drawback, which causes genuine concern in parts of the business community. BUSINESSEUROPE believes that – in the interests of the wider benefits of the agreement and provided that the agreement would not set a precedent – the Council should be willing to look at Commission proposals, provided that any solution is workable and deals effectively and realistically with the substantive issue at hand. This is that an agreement should not allow an unfair competitive advantage for Korean industry due to rapidly increasing large scale duty-free entry of products of non-Korean origin into the European Union. On condition that this is the case BUSINESSEUROPE could support an outcome. The business community should of course be consulted in the negotiations on this and other questions.

European companies strongly support the European Union's Global Europe Strategy on the grounds that it seeks to achieve new market access in high growth markets. The Korea agreement would be an important step towards delivery. It should not be allowed to slip through our fingers.

Yours sincerely,

Philippe de Buck

CC: Article 133 Committee

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