

Basic information	
2007/2186(INI) INI - Own-initiative procedure	Procedure completed
Economic and trade relations with Korea Subject 6.20.03 Bilateral economic and trade agreements and relations Geographical area South Korea	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	INTA International Trade		MARTIN David (PSE)	05/06/2007
	Committee for opinion		Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs		The committee decided not to give an opinion.	
	EMPL Employment and Social Affairs		The committee decided not to give an opinion.	
	ITRE Industry, Research and Energy		LANGEN Werner (PPE-DE)	26/06/2007
	IMCO Internal Market and Consumer Protection		The committee decided not to give an opinion.	
	JURI Legal Affairs		The committee decided not to give an opinion.	
European Commission	Commission DG		Commissioner	
	Trade and Economic Security		MANDELSON Peter	

Key events			
Date	Event	Reference	Summary
		COM(2006)0567	

04/10/2006	Non-legislative basic document published		
27/09/2007	Committee referral announced in Parliament		
19/11/2007	Vote in committee		Summary
23/11/2007	Committee report tabled for plenary	A6-0463/2007	
13/12/2007	Decision by Parliament	T6-0629/2007	Summary
13/12/2007	Results of vote in Parliament		
13/12/2007	Debate in Parliament		
13/12/2007	End of procedure in Parliament		

Technical information	
Procedure reference	2007/2186(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/50635

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE392.351	07/08/2007	
Amendments tabled in committee		PE396.518	16/10/2007	
Committee opinion	ITRE	PE396.456	15/11/2007	
Committee report tabled for plenary, single reading		A6-0463/2007	23/11/2007	
Text adopted by Parliament, single reading		T6-0629/2007	13/12/2007	Summary
European Commission				
Document type	Reference	Date	Summary	
Non-legislative basic document	COM(2006)0567 	04/10/2006	Summary	

Economic and trade relations with Korea

2007/2186(INI) - 13/12/2007 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by David **MARTIN** (PES, UK) on the trade and economic relations with Korea. It began by pointing out that Korea is the EU's fourth largest trading partner outside Europe, and the EU was the largest foreign

investor in Korea in 2006. Korea has signed Free Trade Agreements (FTAs) with the United States and a number of other leading trading partners and is currently negotiating additional agreements.

General issues: MEPs consider that a successful outcome of the DDA remains the EU's trade priority and would be concerned if bilateral negotiations with Korea or other partners were to distract from the achievement of this objective. However, they believe that bilateral negotiations with major trading partners or regions can usefully supplement the multilateral rule book provided they produce ambitious, high quality agreements that go well beyond tariff reductions. The size and rapid growth of the Korean economy makes it a suitable candidate for such an agreement but Parliament draws attention to the significant problems – including substantial Non Tariff Barriers (NTB) – that will need to be addressed in order to reach a satisfactory agreement. An agreement limited to tariff reductions would merely produce short-term benefits. Parliament demands the dismantling of NTBs as well as the opening of the services sector in Korea. Any FTA with Korea should also take account of the four so-called Singapore Issues (trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation). Parliament concludes that the mutually beneficial content of the agreement is far more important than a rapid timetable. It would be concerned if artificial deadlines were to lead to an agreement that was not wide ranging, ambitious and well balanced.

Sustainable development: environmentally-friendly products should have their tariffs reduced more quickly and more sharply than other goods. Parliament calls on the Commission and the Korean negotiators to produce a clear definition of such products, and strongly recommends that the environmental conditions under which goods are produced be duly taken into account. The Sustainability Impact Assessment (SIA) must be published in good time so that its results can influence the outcome of the negotiations. Parliament believes that the Commission's level of ambition with regard to increasing market access should be balanced by an equally ambitious approach to sustainable development. There must be no exceptions to the rule that access to the internal European market is conditional on compliance with environmental protection standards. Any trade agreement with Korea must also incorporate binding social and environmental clauses. In addition, Member States and the Commission must promote the OECD Principles of Corporate Governance and Corporate Social Responsibility, both for Korean enterprises operating in Europe and European enterprises established in Korea. Parliament proposes that a mechanism be established whereby recognised EU or Korean workers' and employers' organisations should be able to submit requests for action which would be treated within a specified time period and could result in ongoing follow-up and review provisions, in order to maintain pressure on those who violate workers' rights.

Sectoral issues: the resolution calls for the conclusion of an FTA with Korea that covers trade in goods and services, makes scientific and technical cooperation and intellectual property an essential element of bilateral agreements, promotes cooperation on energy efficiency, seeks to combat climate change and includes provisions on other external aspects of energy policy, nuclear and renewable energy sources and the Galileo programme. Parliament considers that Korea's divergence from international norms and labelling requirements constitute major NTBs which present particular problems for the automotive, pharmaceutical, cosmetics and electronics industries. It calls on the Korean government to provide satisfactory explanations for such divergences or, otherwise, to commit during the FTA negotiations to remove them. It supports the Commission's objective of assisting EU exporters of pharmaceutical products and medical devices by ensuring greater transparency in the Korean healthcare system but insists that the Agreement should not create any legal or practical obstacles to Korean firms using the flexibilities set out in the TRIPs agreement and public health, adopted on 14 November 2001 in Doha, to promote access to medicines in developing countries.

Concerned that the EU-Korea FTA could have a severe negative impact on the European automotive industry, Parliament requests that the Commission considers a strategy of phasing out EU import tariffs with safeguards. It recommends that this phasing-out shall be connected with the lifting of major NTBs on the Korean side. At the same time, Parliament calls on the Commission to insist that EU automobiles complying with the United Nations Economic Commission for Europe (UNECE) standards can be imported into Korea without testing or homologation. MEPs oppose provisions exempting Korean vehicles from anti-pollution emission standards.

Special attention should be given to the shipbuilding industry and the concerns of both the Korean and European agricultural sectors should also be taken into account, particularly as regards the possible adverse effects of the FTA on the sensitive products concerned.

Parliament goes on to state that it regards the tariff peak and excessive labelling requirements faced by the distilled spirits industry to be a priority for the negotiations. Measures should be taken immediately to combat the NTBs affecting fruit and vegetables and the excessively high tariffs applied to canned fruit. Parliament is concerned about the difficulties foreign firms have in accessing the Korean market for services including banking, insurance and legal advice.

On intellectual property, the resolution attaches high priority to the effective enforcement of intellectual property rights, including through the introduction of adequate penalties for counterfeiting and piracy. MEPs consider, however, that the current negotiation with Korea on the IPR protection should not undermine legitimate policy goals such as access to medicines by going beyond the TRIPs Agreement obligations, but that it should instead encourage the use of TRIPs' flexibilities.

Parliament urges South Korea to introduce public performance rights for producers of sound recordings in line with the Rome Convention and Directive 2006/115/EC on rental right and lending right and on certain rights related to copyright in the field of intellectual property. Other measures are needed to strengthen the fight against Internet piracy.

North Korea and Kaesong: Parliament welcomes the role of the Kaesong Industrial Complex in contributing to regional peace and security, but believes that the inclusion of goods from the Kaesong Industrial Complex in an FTA raises serious legal and technical problems. It recommends that the Commission seriously examine the extent to which trade relations between North and South Korea could be assisted through an FTA with the EU. Any agreement should include an undertaking not to lower labour standards in order to attract foreign investment in any part of the territory of the parties including export processing zones.

Parliament's role in the negotiations: lastly, the resolution states that it wants to see Parliament closely involved in each stage of the negotiations and be given the chance to express its view on the acceptability of the negotiated text. It therefore expects the Commission and the Council to seek to present the agreement in a form that would require the assent of the Parliament under Article 300(3)(ii) of the EC Treaty.

Economic and trade relations with Korea

2007/2186(INI) - 04/10/2006

PURPOSE: to propose a new strategy to integrate trade policy into the European Union's competitiveness and economic reform agenda.

CONTENT: the purpose of this Communication is to set out the contribution of trade policy to stimulating growth and creating jobs in Europe (see [INI/2006/2292](#)). It sets out how, in a rapidly changing global economy, the can build a more comprehensive, integrated and forward-looking external trade policy that makes a stronger contribution to Europe's competitiveness. It stresses the need to adapt the tools of EU trade policy to new challenges, to engage new partners, to ensure Europe remains open to the world and other markets open to European businesses.

There are two critical and linked requirements for European competitiveness. First, having the right internal policies, which reflect the external competitive challenge and maintain openness to trade and investment. Second, **ensuring greater openness and fair rules in other markets, in particular our future major trading partners**. Both must be underpinned by transparent and effective rules – domestic, bilateral and multilateral.

Based on this analysis, the European Commission proposes to build an agenda for action in the months and years ahead. From Autumn 2006 and through 2007, the European Commission will set out the competitiveness agenda for EU trade policy with a series of linked initiatives:

In the months ahead the Commission proposes:

Internally, to :

- make sure that internal policy proposals, while furthering European standards, fit with global competitiveness challenges;
- make sure the benefits of trade opening are passed on to citizens by monitoring developments in import and consumer prices;
- equip people for change through the new generation of cohesion policy programmes and the European Globalisation Adjustment Fund.

Externally, to:

- maintain the EU's commitment to the Doha Trade Round and the WTO as the best way of opening and managing world trade;
- make proposals on priorities in trade and investment relations with China as part of a broad strategy to build a beneficial and equal partnership;
- launch a second phase of the EU Intellectual Property Rights (IPR) enforcement strategy;
- make proposals for a new generation of carefully selected and prioritised Free Trade Areas (FTAs);
- make proposals for a renewed and reinforced market access strategy;
- propose measures to open procurement markets abroad;
- conduct a review of the effectiveness of our trade-defence instruments.

The Commission also intends to **propose a new generation of FTAs**, if approached with care, can build on WTO and other international rules by going further and faster in promoting openness and integration, by tackling issues which are not ready for multilateral discussion and by preparing the ground for the next level of multilateral liberalisation. The key economic criteria for new FTA partners should be market potential (economic size and growth) and the level of protection against EU export interests (tariffs and non tariff barriers).

With a GDP of EUR 598 billion in 2005 and trade with the EU at 53.3 billion, **Korea** (with whom negotiations are on-going) appears to be a priority for the EU. According to World Bank calculations, the annual average growth rate for Korea from 2005-2025 should be around 4.7% representing a **market potential of EUR 45 billion** for the same period. This country combines high levels of protection with large market potential and they are active in concluding FTAs with EU competitors.

In terms of content new competitiveness-driven FTAs would need to be comprehensive and ambitious in coverage, aiming at the highest possible degree of trade liberalisation including far-reaching liberalisation of services and investment. A new, ambitious model EU investment agreement should be developed in close coordination with Member States. Where partners have signed FTAs with other countries that are competitors to the EU, full parity at least should be sought. Quantitative import restrictions and all forms of duties, taxes, charges and restrictions on exports should be eliminated.

FTAs should also tackle non tariff barriers through regulatory convergence wherever possible and contain strong trade facilitation provisions. They should include stronger provisions for IPR and competition, including for example provisions on enforcement of Intellectual Property rights along the lines of the EC Enforcement Directive. The EU will seek to include provisions on good governance in financial, tax and judicial areas where appropriate. It should also ensure Rules of Origin in FTAs are simpler and more modern and reflect the realities of globalisation.

In considering new FTAs, the EU will need to work to strengthen sustainable development through its bilateral trade relations. It will also take into account the development needs of its partners and the potential impact of any agreement on other developing countries, in particular the potential effects on poor countries' preferential access to EU markets. In line with its position in the WTO, the EU will encourage our FTA partners to facilitate access by least-developed countries to their market, if possible by granting duty and quota free access. Lastly, FTA provisions should be an integral part of the overall relations with the country or region concerned.