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REPORT OF THE FIRST ROUND OF EU-KOREA FTA NEGOTIATIONS, 6-11 MAY 2007, SEOUL

Commissioner Mandelson came to Seoul on 6 May 2007, to officially launch the FTA negotiations together with Korean Trade Minister, KIM Hyun Chong. Commissioner Mandelson stopped over in Seoul for four hours allowing for a bilateral meeting with Minister Kim, held in a good atmosphere, and a joint press conference, very well attended.

Bilateral Kim-Mandelson: Main discussion was focused on the timing of the negotiations.

At present, both sides have only agreed to two more negotiating sessions: i) 16-20 July and ii) 17-21 September, both in Brussels. Both agreed that they would personally monitor progress. After the July session, Ministers would take stock and decide on the frequency of further negotiating sessions. Mandelson, replying to a press question, said that we will try to conclude it “sooner rather than later”.

At the press conference, both Ministers underlined the political and economic importance of completing a FTA (EU largest foreign investor in Korea and EU second export market for Korea) and Mandelson referred to our commitment to engage more closely with Asia. Both Ministers expressed strong support and highest priority to the Doha round.

1st round of EU-Korea FTA negotiations, 7-11 May 2007, Seoul

Negotiations on substance started on 7 May 2007 and lasted the full week. Discussions took place in a good atmosphere. Korea fielded a total team of 124, and the Commission was present with 22 negotiators. The negotiating round attracted a lot of media attention and were concluded by a joint press conference of the two chief negotiators.

Text based discussions took place on the basis of proposals in the areas of goods, trade defence instrument, customs procedures, trade facilitation, TBT, establishment and services, dispute settlement and mediation mechanism. The subjects of competition and state aid, SPS, and IPR were also discussed in detail, and we had an initial exchange of views on government procurement, trade and sustainable development, and on transparency. Reports per subject are attached in Annex III.

The main outcomes of the first negotiating round were as follows:

- Agreement on most of the general provisions of the trade in goods chapter.
- Agreement on the principles of a bilateral safeguard clause which will apply to all goods sectors.

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- Informal understanding among chief negotiators on technical data and guiding principles relating to the exchange of tariff offers (see Annex II). On this basis, offers will be exchanged before the end of June.

- Good discussions on the Korean proposals for TBT and trade facilitation. The EU will present a revised text on both subjects. Preliminary discussion on SPS

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EC will present first proposal on SPS chapter. Preliminary discussion also on customs matters and rules of origin. Important to have a clearly established EC position on rules of origin prior to the July negotiating round. Korea will send a group of experts to Brussels in June and present a non-paper outlining their suggested approach to rules of origin.

- many questions on those legal terms where we depart from the GATS approach. They have suggested a combination of positive list for services and negative list for investment in non-services sectors. They will send their services negotiators to Brussels in early June to continue detailed discussions of the architecture. Reaching a solution on the architecture issues would be important so as to allow an exchange of offers by the end of June.

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- Preliminary discussions on intellectual property and competition policy on the basis of non-papers presented by the EC. On intellectual property, many of the EC objectives appear to be already covered by the Korea-US FTA – subject of course to verification once the text is available. (Korea indicated the US-Korea FTA will be available the 18 May). The main outstanding area is to seek a commitment from Korea for enhanced protection of geographical indications. On competition policy, there appears to be no significant difficulties on anti-trust and merger related issues; discussions will be more difficult on state-aid although Korea has indicated a readiness to consider our proposals, although preferably outside the competition policy chapter. The EC will present textual proposals on both intellectual property and competition policy before the end of June.
- Significant progress was made on the EC proposal for the bilateral dispute settlement mechanism, where only a limited number of issues are outstanding. On mediation useful explanations were provided about the objectives of the EC proposal. Korea still needs to define its position although it appeared relatively more open after the substantive discussions.

- The issues of procurement, transparency, institutional provisions and trade and sustainable development were only discussed at the level of chief negotiators. On procurement, the EC will present textual amendments on the Korean proposal and market access requests will be exchanged in advance of the July negotiating round. EC will be presenting proposals on transparency and trade and sustainable development.

In overall terms, a very constructive first round of negotiations. It was agreed that both parties should put all the elements on the table so that by the July negotiating round a consolidated text could be prepared on all textual proposals and market access offers would have been exchanged on goods, services, investment and procurement. Prior to the July round, expert discussions will take place in Brussels on rules of origin, services and investment and on trade and sustainable development. (See Annex 1 for operational follow up).

A big thanks to the Seoul delegation and all members of the Korea task force for the excellent work, which made a very successful first round possible.

Art. 4.1(b)

Ignacio Garcia Bercero



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Seoul Delegation:



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