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REPORT OF THE 6TH ROUND OF EU-KOREA FTA NEGOTIATIONS, 28 JANUARY – 1 FEBRUARY, SEOUL

The **6th round** of EU-Korea FTA negotiations took place from 28 January to 1 February in Seoul. 35 Commission negotiators held detailed talks with the 150 strong Korean delegation. The 6th round covered most aspects of negotiations with South Korea, only excluding the issues of tariffs, automotive non-tariff barriers, and flexibility on product specific rules of origin (list rules). The sides were led by Korean Deputy Minister Kim Han-soo and Director Ignacio Garcia Bercero of the European Commission.

The discussions covered trade in goods (including general text, NTBs other than auto, TDI, TBT, SPS, customs and trade facilitation, and to a some degree rules of origin), establishment and services with detailed discussions on offers and text, and rules (IPR, competition subsidies, government procurement, transparency, trade and sustainable development, dispute settlement and mediation mechanism).

This probably was the most productive round which these negotiations have seen so far. EU and Korean negotiators have agreed on the first building blocks for an ambitious and comprehensive future FTA. A number of **chapters** have been **almost concluded**: Sustainable development, competition (antitrust and mergers), trade defence instruments, transparency of domestic regulation, and the mechanisms for bilateral dispute settlement and mediation. As regards the latter two, the scope of these dispute resolution tools remains to be defined in a horizontal discussion at a later stage.

Negotiations in many other areas have **advanced well**, in some cases also coming close to agreement like on Trade in Goods, TBT, and Customs and Trade Facilitation. This also includes the economically important areas of subsidies, services and establishment, and intellectual property rights where we see welcome progress

In the **goods** area, discussions on NTBs other than auto (chemicals, electronics, and pharmaceuticals) have given important direction. The rules of origin protocol progressed, and a useful technical discussion examined the list rules. Korea affirmed the continued importance of the Gaesong industrial zone also for the incoming administration

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[REDACTED]

Art. 4.1(a)
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Good discussions on **establishment and services** confirmed the more constructive direction taken since the 5th round [REDACTED]

[REDACTED]

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Significant progress also on **IPR** though more work is needed notably on GIs and patent.

[REDACTED] As for **procurement**, while work on the text is completed, discussions on scenarios for a balanced market access package have continued.

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[REDACTED]

Media attention in South Korea remains significantly higher in South Korea than what we are used to see in the EC. A crowd of over 50 journalist covered the week. The Korean chief negotiator KIM Han-soo continued his practice of daily press briefings. The negotiations gained visibility in Korea despite the prominence taken by the domestic political transition in Korea. Vis-à-vis the press, Ignacio Garcia-Bercero, emphasized the economic importance of the FTA, and the need to achieve an ambitious outcome across many chapters. Though tariffs, auto NTBs and rules of origin are now the most difficult aspects, balanced and ambitions results were also essential in other areas, including services and establishment, and on IP protection, to ensure an economically meaningful outcome for both sides.

The **main outcomes** of the 6th round of FTA negotiations are:

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- Very detailed discussions with Korea on NTBs other than automotive. In general, some progress was achieved on basic [REDACTED]

[REDACTED]

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On electronics, a basic understanding was achieved on the comprehensive scope for all electronics products, beyond Korea's current laws.

[REDACTED]

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On the pharmaceutical text, there were continued discussion [REDACTED]

[REDACTED]

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- Further brackets have been removed in the general texts on trade in goods and on technical barriers to trade. [REDACTED]

[REDACTED] Discussions on SPS further clarified the respective interests and sensitivities,

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- Also on customs and trade facilitation, a considerable number of brackets have been removed, leaving only a limited number of issues outstanding such as appeals, the Korean cooperation proposal (exchange of personnel), confidentiality, or contact points. Korea would agree to include a protocol on mutual administrative assistance in the FTA, and the corresponding provision in the customs and trade facilitation chapter, as long as this will be exempted from dispute settlement. Korea continues to resist the antifraud clause.
- Korea continues insisting that the EC relaxes its standard product specific rules of origin for a number of priority HS chapters. However, possible flexibilities have not been discussed at this round. The focus was on further cleaning the origin protocol, where only a limited number of substantive and procedural issues remain. Both sides also examined more closely the list rules in the priority sectors identified by Korea. The Korean requests on duty drawback and Gaesong have not been discussed.
- Five intensive days of services and investment discussions saw a full reading of the services and establishment text. It resulted in a significant de-bracketing, leaving only a limited list of outstanding items. It is expected that some of these remaining issues be solved in the coming weeks and notably during the March inter-sessional on services.

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- In the IPR chapter, provisions on copyrights and trademarks have been agreed. Wording of most sections are close to completion, e.g. on design and enforcement,

Art. 4.1(a)
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On GIs, internal debate in Korea still ongoing -Korea willing to grant protection for both wines and spirits and agricultural GIs, Draft language on criminal sanctions and data protection for agro-chemicals not yet on the table.

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- Good discussions continued on the subsidies chapter and removed many brackets.

Art. 4.1(a)
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On government procurement, discussions on market access and various trading scenarios continued so as to prepare for an exchange of offers. Uncertainty about when the EC's will submit it revised offer in the GPA process remains a complicating factor.

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Art. 4.1(a) [redacted] As for tariffs, the latest offers remain on the table,
third indent the EC's initial offer of July 2007, and Korea's 2nd revised offer of November 2007. Both
sides will have to identify a way forward, where they understand and respect their
Art. 4.1(a) respective sensitivities, while maintaining as high as possible ambition. [redacted]
third indent [redacted]

Art. 4.1(a) [redacted] internal consultations in Korea may take until after new Korean
third indent President and his Cabinet will have assumed office. [redacted]
[redacted]

For **follow-up**, a programme has been set to carry the work forward. Intersessional meetings will take place over the coming two months to allow notably the work on services and establishment, on NTBs, and on rules of origin to pull alongside the other parts. The chief negotiators encouraged all negotiating groups to continue their discussions by all means of communication. The aim would be to conclude whatever can be solved on a technical level towards the end of March.

In **conclusion**, despite the uncertainty resulting from the current transitional phase in Korean domestic politics, this 6th round proved an important opportunity for the two sides to demonstrate their commitment to these negotiations. This round helped to maintain the good momentum created over the past 8 months since the launch of these negotiations in May 2007. First results emerged during this week, and it is well possible that additional chapters will conclude during the forthcoming technical contacts.

Art. 4.1(a) Progress across many areas suggests that an ambitious and economically meaningful
third indent outcome is achievable. [redacted]
[redacted]

Art. 4.1(a) [redacted] set for the 7th round of EU-Korea FTA negotiations though it expected
third indent to take place some time during the second half of April 2008.

Thanks again to the Seoul Delegation and all members of the Korea FTA taskforce whose hard work and dedication made this productive 6th round possible.

Ignacio GARCIA BERCERO [redacted]

Art. 4.1(b) Enclosures

CC: Messrs. O'Sullivan, Falkenberg, Balas, Directors, Assistants,
Asia team C-3, DG Trade
Korea FTA task force
Ms. Nikolay, Cabinet Mandelson
Art. 4.1(b) Seoul Delegation: [redacted]