



ACEA

European
Automobile
Manufacturers
Association

Trade deal with Korea goes against the interest of major European industries and their workforce

- Member States must demand a fair, balanced deal
- Current proposal should not be ratified

Brussels, 15 October 2009 --- The European Commission has, today, initialled a free trade agreement (FTA) with South Korea that consents to unfair competition and goes against the interest of major manufacturing industries in Europe, including the automotive sector, and their millions of employees.

“We call on the EU Member States not to ratify the current text. The concerns that many of them expressed before, and that were echoed by members of the European Parliament, a number of European Commissioners as well as trade unions and businesses, have not been addressed”, commented Ivan Hodac, Secretary General of the automobile industry’s trade association ACEA. “The Korean negotiators have not only obtained unrestricted access to a market of over 500 million people, the European Commission has in addition allowed South Korea to subsidise exports from its key industries to the EU. This constitutes unfair competition and will lead to economic distortion”, said Hodac.

One major source of concern remains the granting to South Korea of so-called Duty Drawback, allowing Korean manufacturers to reclaim the duties paid on imports from low-cost neighbouring countries such as China even after the elimination of EU customs duties. “The arrangement on Duty Drawback provides a precedent to other trading partners of the EU, old as well as new ones, to ask for the same benefits. This will cause additional pressure on Europe’s economy”, added Hodac. The proposed ‘safeguard clause’ does not put a safety net in place as it only enters into force after five years from the start of the FTA and, in its current form, will be very difficult to implement. The draft text, furthermore, does not provide any guarantee that Korea will refrain from imposing new non-tariff barriers such as regulation in the fields of safety and environment that will restrict or even prevent altogether EU access to the Korean market. The unfair conditions of the FTA come in addition to the low exchange rate of the Korean won which, according to currency traders, is influenced by government intervention.

The automotive industry supports the EU in seeking trade liberalisation in a fair and balanced way. The current agreement with South Korea, however, is not in the interest of Europe’s citizens. In the US, the Obama administration is currently reviewing the signing of their free trade agreement with Korea, because of a number of strong concerns. “The EU governments have the power and obligation to secure the fair conditions that are lacking in the agreement with Europe. South Korea wants this deal very much and a better outcome is very well possible”, said Hodac.

For more info, please visit:

http://www.acea.be/index.php/news/news_detail/eu_industries_insist_on_improving_trade_deal_with_south_korea_full_article/

About ACEA

The European automotive industry is key to the strength and competitiveness of Europe. The ACEA members are BMW Group, DAF Trucks, Daimler, FIAT Group, Ford of Europe, General Motors Europe, Jaguar Land Rover, MAN Nutzfahrzeuge, Porsche, PSA Peugeot Citroën, Renault, Scania, Toyota Motor Europe, Volkswagen and Volvo. They provide direct employment to more than 2.3 million people and indirectly support another 10 million jobs. Annually, ACEA members invest €20 billion in R&D, or 4% of turnover.

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