



Editorial



This month brought excellent developments which will lead to substantial new market access opportunities for European companies. On 15 October, Korean Trade Minister Kim Jong-hoon and I initialed a bilateral Free Trade Agreement (FTA) that is the most important ever negotiated between the European Union and a third country. It is the first of a new generation of FTAs and will create new market opportunities for European companies in services, manufacturing, agriculture and establishment. All in all, the deal is estimated to be worth up to EUR 19 billion in new trade for EU exporters. This agreement is particularly important in the current economic climate, helping to fight the economic downturn and create new jobs. After signature, the agreement will go through the respective internal procedures in the EU and Korea, including approval by the European Parliament. I am confident that the agreement can enter into force in the second half of 2010.

The EU-Korea FTA is also the focus of this Newsletter which provides further details about what is in the agreement for European exporters. In addition, you will find an article on cooperation with Indonesia towards their adoption of international standards for tyres, which would be of huge benefit for our companies. We also provide information about a new on-line guide which will assist users to make optimal use of the different features of the Market Access Database. Finally, enclosed are articles regarding a conference of the Enterprise Europe Network in Stockholm where market access issues featured prominently and on our bilateral market access cooperation with Japan.

This Newsletter underlines once again that market access issues are at the core of our trade policy. Cooperation between the Commission, Member States and Business can indeed make a difference and contribute to creating new export opportunities for European companies.

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EU AND SOUTH KOREA INITIAL FREE TRADE DEAL

On October 15th 2009, EU Trade Commissioner Catherine Ashton and Korean Trade Minister Kim Jong-hoon initialled a Free Trade Agreement that is the most important ever negotiated between the European Union and a third country.

The Free Trade Agreement between the EU and the Republic of Korea (EU-Korea FTA) is the first of the new generation of FTAs launched in 2007. These agreements, based on solid economic criteria, will represent a stepping stone for future liberalisation as they are also tackling issues which are not covered by multilateral discussions and go beyond pure market opening.

The EU-Korea FTA is the flagship of the Global Europe FTAs, a Commission Communication of October 2006. On many issues, the EU-Korea FTA would break new ground: it addresses – often for the first time – many of the regulatory and technical behind-the-border issues which increasingly become an obstacle to modern trade. Concluding FTA negotiations with Korea also underlines the EU's commitment to open markets as a key policy response to the current economic conditions.

One of the key benefits of the deal is the quick elimination of 1.6 billion euro of duties for EU exporters to Korea. The agreement also tackles key non-tariff barriers including regulations and standards in industries of European interest, like automotive, pharmaceutical and consumer electronics. Services sectors, such as telecommunications, environmental, legal, financial and shipping, are expected to see some of the greatest benefits, with substantial commitments from Korea to liberalise these sectors.

Furthermore it includes provisions on investment both in services and industrial sectors, strong disciplines in important areas, such as the protection of intellectual property (including geographical indications), public procurement, competition, transparency of regulation and sustainable development. A Protocol on Cultural Cooperation is premised on the commitment of both parties to promote cultural diversity in accordance with the UNESCO Convention.

Speaking following the initialling of the FTA in Brussels, Commissioner Ashton said: "This is the first 21st Century free trade agreement for the EU, creating deep economic ties with another developed economy. It will create new market opportunities for European companies in services, manufacturing and agriculture. This agreement is particularly important in the current economic climate, helping to fight the economic downturn and create new jobs."

This FTA signals an important upgrade of the EU-South Korea relationship, together with a new Framework Agreement. The initialling of the FTA signifies the closing of negotiations. The European Commission will formally present the legal text in all Community languages to EU Member States in early 2010. Following signature of the agreement, the FTA will be presented to the European Parliament. Entry into force of the agreement would then be expected in the second half of 2010.

The full text and a non technical summary of each of the relevant elements of the Agreement is available online on the DG trade website:

<http://trade.ec.europa.eu/doclib/press/index.cfm?id=443&serie=273&langId=en>



Background

EU-Korea goods trade was worth around 65 billion euro in 2008. The EU currently runs a deficit with Korea in goods trade, although trends suggest that the Korean market offers significant growth potential. For instance, EU car sales to Korea went up by a total of 78% in unit sales (39% in value) between 2005 and 2008. For products like chemicals, pharmaceuticals, auto parts, industrial machinery, shoes, medical equipment, non-ferrous metals, iron and steel, leather and fur, wood, ceramics, and glass, the EU enjoys a solid trade surplus. Similarly, for agricultural products Korea is one of the more valuable export markets globally for EU farmers, with annual sales of over 1 billion euro. In services, the EU has a surplus with Korea of 3.3 billion euro, with exports in 2007 of 7.2 billion euro and imports of 3.9 billion euro.

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INDONESIA MOVES TOWARDS REGULATORY CONVERGENCE IN THE AUTOMOTIVE SECTOR

The automotive sector is an important part of the European economy and particularly hit by the current crisis. It accounts for a significant proportion of EU employment and relies heavily on exports.

Since late 2004, the European automotive industry has been involved in a constructive dialogue with Indonesia aiming to promote the benefits of contributing to international regulatory convergence through the accession of Indonesia to the UN/ECE 1958 Agreement (motor vehicles and components).

These discussions were triggered in particular by the intention of Indonesia to better control the quality of tyres being placed on the market through the adoption of national standards (SNI) (eventually adopted in March 2006). However the new standards they adopted for tyres, included stringent quality checks based on local requirements only which were not in line with international regulations and this could have created market access difficulties for our exporters.

The dialogue has been carried out with the support and active involvement of: the European Commission both in Brussels and in Jakarta, the local tyre importers association in Indonesia, Gimpabi and the Association of the European Tyre Industry (ETRMA). Specifically, two dedicated seminars were organised with the active participation of the European tyre industry in Jakarta and Singapore (covering the whole ASEAN region) to present the functioning and benefits of the 1958 UN/ECE Agreement framework.

As a result of this dialogue, the Indonesian authorities have committed to work towards full harmonisation of their SNI standards for tyres with UN/ECE 'tyre' regulations by 2011. This implies becoming a Contracting Party to the 1958 Agreement and developing the appropriate infrastructure to administer the UN/ECE procedures related to testing and quality control (in particular certification and markings).

With regard to imports into Indonesia, European tyres marked according to



UN/ECE requirements will have direct access to the Indonesian market on the basis of the general mutual recognition of approvals, which is the key principle regulating the 1958 UN/ECE Agreement.

To ensure effective compliance by 2011, the Indonesian authorities will benefit from a comprehensive project, financed by the European Commission and supported by ETRMA, which provides technical assistance and capacity building to Government officials and representatives of the domestic industry on the harmonisation process between the SNI and the UN/ECE systems.

Finally, the decision of Indonesia to adhere to the international regulatory system for automotive and components (besides Malaysia and Thailand that are both already Contracting Parties to the 1958 Agreement) represents a strong signal to the whole ASEAN region. As current chairman of the ASEAN working group on automotives & standardisation, Indonesia is expected to share its experience with its regional partners and hopefully this will lead to a future harmonisation process for the entire region.

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ENTERPRISE EUROPE NETWORK ANNUAL CONFERENCE, STOCKHOLM, 7-9 OCTOBER 2009

800 participants attended the second Annual Conference of the Enterprise Europe Network. The Network (see <http://www.enterprise-europe-network.eu>) is a Commission initiative to support growth and innovation of Small and Medium-sized Enterprises (SME). The Network has 560 partner organisations from all EU Member States and 17 non-EU countries. Most partners are Chambers of Commerce, business associations or research institutions. The programme included discussions on how to support SMEs in the current crisis and guidelines for priorities in 2010, such as the implementation of the Small Business Act, SME internationalisation and advice for companies to implement the new services directive. Workshops and sessions gave Network partners updated information on strategic cooperation between partners, improving support for innovation, SME financing, SME internationalisation and other related topics. The Network partners appreciated the networking opportunities provided as well as the chance to obtain

information on Commission services and projects which were available at various stands.

The Market Access Unit of DG Trade provided information on the Market Access Strategy and the available services for companies doing business outside the EU, both through a specific presentation and at their conference stand. DG Trade has co-operated with the Network since its launch in 2008 and offers regular ("train the trainers") training. To help SMEs benefit more from the Market Access Strategy, Network partners are encouraged to assist "their" SMEs to use the valuable information on the Market Access Database (MADB) (<http://madb.europa.eu/>) more effectively and also to use the market access tools available to overcome barriers to trade, services and investment in global markets. For example Network partners are encouraged to insert a link to the MADB and to distribute the Market Access Newsletter to "their" SMEs.

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MARKET ACCESS COOPERATION WITH JAPAN

The sixth EU-Japan Market Access cooperation digital videoconference, to discuss trade barriers of mutual concern in third country markets, was held on 23 October 2009.

Both parties confirmed their wish to cooperate and willingness to pursue joint actions in the WTO.

Market access barriers in China (raw materials, buy Chinese and IT security standards), India (extra additional duties and

tyres certification), Russia (duty increases) and Columbia (E85 mandatory fuel requirements for cars) were all discussed.

The next videoconference will be held in January or February 2010. Meanwhile, cooperation will continue on a bilateral basis between case handlers on the respective cases (especially in advance of the WTO TBT-meeting to be held in Geneva on 5 November 2009).

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New! A USER GUIDE FOR THE MARKET ACCESS DATABASE

The DG Trade Market Access Unit has recently published an on-line "**User Guide**" for the Commission's Market Access Database.

As you will mostly be aware, the Market Access Database is freely available to all economic operators throughout the EU and acceding/candidate countries via the Internet. The database was set up in the framework of the original Market Access Strategy and has been progressively developed in order to provide useful information for EU exporters (e. g. third country import duties, related taxes and documentary import requirements, trade statistics, etc.).

The purpose of this **User Guide** is to illustrate the functioning of the Market Access Database providing step by step instruc-

tions on how to use each section. At present the **User Guide** is exclusively available in English but in a short period of time it will be available in all 23 EU languages.

We have also recently included a new links section in the Market Access Database, providing useful links to EU, Member State authorities and international organisations websites.

We trust these new additions will make it even easier for our exporters to use the Market Access Database and that they will be particularly useful to our SMEs throughout Europe.

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The Market Access Database is available on the Internet at the following address:

<http://madb.europa.eu>

and

the **User Guide** is accessible via its new Homepage.





Market Access Partnership – Looking Ahead...

12 November	MAAC
13 November	Working Group on Tyres
17 November	Working Group on Postal Courier
25 November	Working Group on Textiles
27 November	Working Group on Automotives

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