

Stop the Korea-EU FTA Negotiations!

Korea-EU FTA is a the Dangerous Playground for
Transnational and Venture Capital!

Currently, the U.S. and EU are competitively pursuing free trade agreements. With the announcement of "Global Europe: Competing in the World" in October 2006, EU's FTAs are competitive-driven FTAs that are larger in scope than WTO. In particular, the maximum liberalization of the service sector and investment are the goals. EU stresses that the nations that enter FTA with EU must liberalize at least to the level of EU.

Korea-EU FTA started under such background. The second round of negotiations between Korea and EU begins today in Brussels and lasts until the 20th. It is expected that negotiations for all sectors will take place. The Korea-EU FTA is as large as Korea-U.S. FTA and its effect will be just as catastrophic.

First, because Korea and EU show large differences in the size of economy and commerce, this FTA contains similar problems as the Korea-U.S. FTA. EU's economy is larger than the U.S. economy, and it has strong manufacturing nations such as Germany and low value-added manufacturing nations of Eastern Europe. It also has strong service-based nations like the UK. The industrial impact on Korea is expected to be very large. When tariffs are eliminated or reduced, job reduction and extensive damage to industries will occur.

Furthermore, because EU's agricultural production and its export to Korea are large, it is expected that the impact on Korea's agriculture and farmers will be detrimental. In 2005, EU's agricultural commerce rose to become the largest in the world. EU's offshore agricultural export makes up 9.9% of the world's agricultural exports, whereas as the U.S. is 9.7%, Canada 4.8%,

Brazil 4.1%, and China 3.4%. Korea's agricultural import from EU in 2005 was \$1.3 billion, or 13.3% of Korea's entire agricultural import market. The Korea-EU FTA will raise Korea's agricultural import from EU.

At the DDA negotiations, EU demanded the opening of drinking water and waste water treatment services. The current negotiations will face such issues. There is a clear danger of privatization of water services. In addition, EU has demanded in this round of negotiations that the agreement contain a provision that would allow lawsuits in domestic civil courts when objections such as drug pricing for health insurance are not received. EU is making demands that are greater in scope than the Korea-U.S. FTA: EU is demanding an expansion of IP protection and the full opening of the procurement market. The Korea-EU negotiations pose a threat to public services.

EU surpassed the U.S. in 2005 in the amount of investment into Korea. Currently, EU's investment make up 30.9% of Korea's foreign investment. EU's investment is concentrated on the service industry in the form of mergers and acquisitions. Because the Korea-U.S. FTA has provisions on opening up the financial market, there is a large possibility of the entrance of EU's venture capital. In contrast, Korea's investment into EU is mostly on building manufacturing plants in new EU member nations. In other words, Korea's investment into EU will have the effect of reducing Korea's production and jobs.

It is clear that the Korea-EU FTA is designed to maximize the profit for a few large corporations and transnational and venture capital. It is irrelevant to the benefit to the majority of people. The harmful effect of the Korea-U.S. FTA, including social polarization, labor market flexibility, and the entrance of venture capital into the financial market, will become more severe.

The anti-people nature of EU's trade policy can be confirmed in other regions and countries. In Latin America, ASEAN countries, Africa, the Caribbean, and India, where EU is pursuing trade agreements, the people are fighting to stop the negotiations with EU. Therefore, the demands of the Korean Alliance against the Korea-EU FTA are universal demands of humanity.

- Abolish the Korea-U.S. FTA and Stop the Korea-EU Negotiations!

- Stop all FTAs and Strengthen Social Public Services!

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The Korean Alliance against the Korea-EU FTA/

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