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Delegations will find attached Commission document SEC(2006) 1563.

Encl.: SEC(2006) 1563



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 6.12.2006  
SEC(2006) 1563

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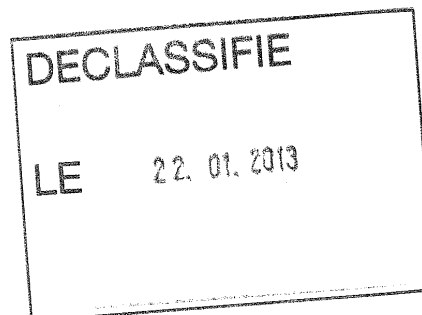
**COMMISSION STAFF WORKING DOCUMENT**

**Accompanying document to the**

**Recommendation for a Council decision authorising the Commission to negotiate a Free Trade Agreement with the Republic of Korea on behalf of the EC and its Member States**

**Summary of the impact assessment**

{SEC(2006) 1561 final}  
{SEC(2006) 1562}



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## EXECUTIVE SUMMARY

The impact assessment accompanies the Commission's recommendation to Council to authorise the negotiation of a Free Trade Agreement (FTA) with the Republic of Korea (hereafter South Korea).

### PROBLEM DEFINITION

This section describes the current trading relationship between the EU and South Korea, highlighting the numerous bilateral FTAs which are being negotiated by South Korea with many of our competitors. It identifies the effects that these FTAs are having, and could possibly have in the future, on our economic interests in the region.

### MAIN OBJECTIVES

The impact assessment provides a preliminary analysis of the objectives and impact of a potential FTA with South Korea, based upon the assumption that an agreement will largely reflect the elements contained in the draft negotiating directives. Further studies are planned to support the Commission in the negotiations. In particular, a Sustainability Impact Assessment (SIA) will be commissioned in due time.

### POLICY OPTIONS

Various policy options are considered in order to secure and improve EU access to South Korean important and growing markets. The recommended option is to negotiate an FTA which is comprehensive in its scope, covering a wide range of trade-related issues, going beyond liberalisation into rule-making. South Korea satisfies the economic criteria presented in the Communication on "Global Europe: Competing in the World" - COM(2006) 567 - regarding market potential (economic size and growth) and the level of protection against EU export interests (tariff and non-tariff barriers). Given its position as the 4<sup>th</sup> non-European largest trading partner for the EU, its high growth rates and market size, South Korea represents a significant economic interest for the EU.

### EXPECTED IMPACT OF THE SELECTED OPTION

Focusing on the option for a comprehensive FTA, the impact assessment considers that such an Agreement would generate significant economic gains for both partners through increased trade and investment flows.

In line with the preliminary analysis, the Commission recommends to the Council to authorise it to negotiate a comprehensive FTA with South Korea.

