



Green light from Trade Committee for safeguard clause in EU-South Korea trade accord

The EP International Trade Committee gave its approval on Wednesday to draft legislation implementing a safeguard clause in the EU-South Korea free trade agreement (FTA). MEPs want the European Parliament and any industries affected by increased imports to have the right to initiate investigations into the need for emergency measures. Parliament would monitor the situation of the European car industry particularly closely.

Under the clause, it will be possible to impose safeguard measures if customs duty reductions lead to an excessive increase in imports from South Korea, which causes or threatens to cause "serious injury" to EU producers. In critical circumstances, where a delay would cause irreparable damage, it would be possible to take urgent provisional measures.

Verifiable factors

By applying safeguard measures, EU could suspend the further reduction of the customs duty rate or increase duties to the rate applied to "most favoured nations". In the International Trade Committee's report, drafted by Pablo Zalba Bidegain (EPP, ES) and adopted with 27 votes in favour, none against and one abstention, MEPs insist that such decisions should be taken only after examining verifiable indicative factors, such as stocks, prices, or return on capital employed in the industry concerned.

Parliament and industry also could initiate investigations

MEPs also decided that, besides the Commission and Member States, the European Parliament, the EU-Korean Domestic Advisory Group, and associations representing at least 25% of the industry should be entitled to initiate an investigation into the need for safeguard measures. MEPs set the maximum length of an investigation at 200 days, instead of 6 months extendable by a further 3 months, as proposed by the Commission.

Monitoring - especially in the car industry

The Commission should continuously monitor the evolution of trade statistics and share its findings with Parliament, the Council and the industries concerned, the committee added. MEPs voted to introduce a special monitoring system in the car manufacturing industry and related sectors, as these are considered to be among those that could be exposed to increased competition after the FTA enters into force.

Regional application

If increased imports primarily affect the domestic industry in one or more Member States but not all, the Commission could exceptionally and temporarily authorise safeguard measures limited to those countries, says the report.

Free trade agreement on the way

Press release

The Trade Committee was voting today at first-reading on the bilateral safeguard clause accompanying the EU-South Korea FTA. This is the first time Parliament has used its full co-decision power when voting on an element of an international agreement, following the entry into force of the Lisbon Treaty.

Since the Lisbon Treaty, Parliament has codecision power when defining implementing measures in the field of the common commercial policy, such as the safeguard clause. For the free trade agreement itself, Parliament's consent is needed.

The EU-South Korea FTA was initialled on 15 October 2009, and can enter into force after Parliament has given its consent. As the Council has not yet submitted the FTA to Parliament, the consent procedure is scheduled for the autumn this year.

In the chair: Vital Moreira (S&D, PT)

Rapporteur: Pablo Zalba Bidegain (EPP, ES)

Procedure: first reading, ordinary legislative procedure (codecision)

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