



Dear Mr. Zalba,

Please find attached BUSINESSEUROPE amendments implementing the bilateral safeguard clause (FTA). Our overall position on the clause is expressed in our paper of March 5, which is attached.

The amendments respond to two concerns as strong as possible to ensure adequate protection against serious injury or the threat of serious injury. First, to stay within the terms of the FTA, as much as possible, by dispute settlement action. Second, to ensure that, as European behaviour on trade defence measures, where our exports are targeted. In 2000, investigations in important markets such as the US, where regulation must therefore fully respect the principle of non-discrimination as well as EU trade defence law itself.

Further to the attached amendments BUSINESSEUROPE has a number of issues which have been raised in the following:

- The Parliament and Council should request the Commission that it will interpret the term **products** in such a way as to ensure that the need to focus on the correct products which appear to be lower than they really are included. As an example, the current definition of 1500 cubic centimetres (cc) and engines of less than 1500cc or more is not in line with the terms, but is also justifiable given that such products receive under the same conditions as other sectors. BUSINESSEUROPE

necessary to allow this but the Commission should reassure companies on this point.

- The continuation of **duty drawback** is a controversial element for the business community, as BUSINESSEUROPE outlined in its position on implementation of March 5. Though not directly related to the safeguard measure, we would add here that the Council and Parliament should seek a political guarantee from the Commission that it will start monitoring Korea's imports of relevant parts for key concerned sectors from the entry into force of the agreement. Furthermore, the Commission should ensure that import statistics referred to in Article 14.1.1 of the FTA's protocol concerning the definition of 'originating products' include textile and clothing industry as well as tariff lines of auto parts. It should also provide means to enhance the availability of Chinese, Japanese or other third country statistics which relate to Korean imports into the EU. These statistics should be made available to the Union industry. Finally, BUSINESSEUROPE would not oppose proposals to tie down the duty drawback special clause by including its terms within the safeguard regulation. We will come back with further comments on that point if this approach proceeds.
- In defining the standards of **admissible evidence**, the EU must provide clarity, as we insist in our proposed amendments, but also ensure that only properly supported factual information is allowed.

BUSINESSEUROPE is at your disposal to discuss further any of the attached proposals or comments above.

Yours sincerely,



Philippe de Buck