

Brussels, 15 December 2008
A (08) 2624 - D (08) 1315

Mr Christoffer Taxell
Chairman
European Services Forum
Avenue de Cortenbergh, 168
1000 Brussels

Dear Christoffer Taxell,

Thank you for your letter of 10 November 2008. Your support is very valuable and enables me to better make the case for the importance of liberalising trade in services to the benefit of European and third country stakeholders, industry and consumers alike.

The services and establishment title constitutes an essential part of the FTA negotiations with Korea. As you rightly pointed out, services trade between the EU and Korea has grown considerably over the last 4 years (around 15% on an annual basis) and amounted to 10,3 billion Euros in 2006 with a 2 billion trade surplus for the EU. However, it only represents 1,3% of EU's total services trade. This demonstrates the considerable potential still to be unleashed through the FTA negotiations.

Our objective is the conclusion of an ambitious and comprehensive FTA with Korea, including in the services and establishment sector. This is underpinned by several factors: Korea is a large and relatively wealthy market of almost 50 million consumers which in many areas and to an important degree is still closed. Korea has the ambition to become a regional hub notably in the financial area: this will necessitate building up a very solid services basis. The FTA negotiated between Korea and the US (Korus) is an ambitious one and should lead to important market opening reforms in different areas, which could put the EU industry in a competitive disadvantage if not reciprocated with an agreement between the EU and Korea. An ambitious FTA with Korea would serve as a very useful precedent for other negotiations, notably Global Europe.

I count on your continued support for the ongoing FTA talks with Korea, and look forward to further input from ESF. I encourage you to stay in close contact with my services.

Yours sincerely,

Catherine Ashton
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