

Relations between the European Community and
the Republic of Korea

Commission President Gaston E. Thorn will pay an official visit to the Republic of Korea from 7 to 9 May 1984 where he will have talks with President Chun Doo Hwan, the Prime minister Mr Chin Iee Chong and the Minister of Foreign Affairs, Mr Lee Won Kyung.

The principal points on the agenda are bilateral relations between the Community and Korea, particularly as concerns trade and a general exchange of views on the economic and political situation in the world at the beginning of 1984.

This visit, the first of its kind by a President of the European Commission, is a mark of the importance the Commission places on its relationship with the newly industrialised countries of South East Asia. It follows on the visit of Vice-President Wilhelm Haferkamp to Korea in March 1983 to inaugurate an annual series of High Level Consultations between the Commission and the Korean authorities. The second of these High Level Consultations will take place in Brussels later this year.

TRADE RELATIONS BETWEEN THE EC AND KOREA

Korea is trying to diversify its economic and commercial relations which until now have been heavily concentrated on the US and Japan. The Korean government has been actively encouraging its economic operators to look for new markets and suppliers. A concrete example of this was the Euro-Korean Symposium, organised jointly in Brussels in September 1981 by the European Commission and the Korean authorities to give European and Korean industrialists, bankers and traders an opportunity to identify commercial and investment opportunities.

Trade relations between the Community and Korea are conducted on the basis of the GATT Most Favoured Nation clause and two bilateral sectoral arrangements on textiles and steel.

Korea has become a major supplier for the Community of a variety of goods including textiles and shoes. Trade in textile products is regulated by a bilateral agreement within the framework of the Multifibre Arrangement which was negotiated at the end of 1982. This agreement, which expires in December 1986, provides for the establishment of self restraint limits for a range of Korean exports.

The Commission has expressed its concern at the high level of average tariffs in Korea which hinder European exports. In this context the Community has stressed on several occasions that Korea should gradually accept the economic and commercial responsibilities reflecting its economic strength.

Korea was a very substantial user of the EC's Generalised System of Preferences in the 1970's and although the current GSP differentiates sharply in favour of the less developed countries, Korea is still able to draw considerable benefits from it.

Trade Development and structure

The Community's imports from Korea have increased rapidly in the last ten years rising from 72 MECU in 1971 to 2244 MECU during the first 10 months of 1983. This rise has not been equally reflected in EC exports which rose from 207 MECU to 1292 MECU during the same period. The Community's main imports from Korea are textiles and clothing, shoes, travel goods and electrical equipment. The main exports are high technology machinery which accounts for more than half of EC exports.

	EC-Korea Trade						(MECU)(*)
	1971	1975	1979	1980	1981	1982	1983 (10 months)
EC Imports	72	621	1704	2017	2338	2402	2244
EC Exports	207	477	1259	950	1120	1296	1292
Balance	135	-144	-445	-1067	-1218	-1106	-952

Source: EUROSTAT

(*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981 and US\$ 0.98 in 1982.