

European car manufacturers voice concerns on 1st anniversary of EU-South Korea FTA

One year on, automotive NTBs are still in place and trade flow is asymmetrical.

Brussels, 29 June 2012 - Automobile figures for the first 11 months of the EU-South Korea free trade agreement (FTA) highlight the asymmetrical trade flow relations between the two partners, with massive increases for Korean exports of passenger cars, yet only relatively modest gains for the EU industry. The European Automobile Manufacturers Association (ACEA) took the opportunity of the first anniversary of the FTA on 1 July to draw attention to this unbalanced situation.

During the period from 1 July 2011 to 31 May 2012, Korea exported 400,000 domestically-manufactured passenger cars into the EU; a figure which is up 40% from the same period one year earlier. By contrast, over the same timeframe Korea imported 73,000 European passenger cars, which represents an increase of 13%. This information - confirmed yesterday by the Korean International Trade Association (KITA) at the Business Europe meeting at which ACEA was present - paints a very different picture to that presented by the European Commission in its statement yesterday.

Since the entry into force of the FTA, Korean import duties have come down from 8% to about 6%, and EU import duties have been reduced from 10% to approximately 8%.

"It is still too early to say if there is a direct relationship between the entry into force of the FTA and the increase in trade flows," stated ACEA Secretary General Ivan Hodac. "What is clear however is that European exports are being hampered by the continuing existence of automotive non-tariff barriers (NTBs)."

"On the occasion of this one-year anniversary, ACEA calls on the Commission to resolve the issue of existing automotive NTBs as well as to ensure that no new ones are introduced," Hodac stated. "We will continue to actively monitor the situation and remain vigilant to further developments."

About ACEA

The European automotive industry is key to the strength and competitiveness of Europe. The ACEA members are BMW Group, DAF Trucks, Daimler, FIAT S.p.A., Ford of Europe, General Motors Europe, Hyundai Motor Europe, IVECO S.p.A., Jaguar Land Rover, MAN Truck & Bus, Porsche, PSA Peugeot Citroën, Renault Group, Scania, Toyota Motor Europe, Volkswagen Group, Volvo Cars, Volvo Group. They provide direct employment to more than 2 million people and indirectly support another 10 million jobs. Annually, ACEA members invest over €26 billion in R&D, or 5% of turnover.