

Close X

[Go to Singapore Law Watch](#) Tell A Friend

EU-South Korea FTA: Impact on S'pore consumers

[2010] 05 Nov_ST

Title: EU-South Korea FTA: Impact on S'pore consumers

Source: Straits Times

Author: Deborah Elms, For The Straits Times

Legal News Archive

ENJOYING your cognac? Scotch whisky? Feta, fontina or gorgonzola cheeses? These products may suddenly become harder to find in Singapore or be significantly more expensive as a result of an agreement you have probably never heard about - a free trade agreement (FTA) between the European Union (EU) and South Korea.

A little-noticed set of annexes to the FTA signed on Oct 6 means that this agreement may soon affect a host of other markets as well, including South-east Asia.

Countries in the EU have long argued that some agricultural products like wine, olives, ham or salami deserve to be protected in much the same ways that Gucci or Louis Vuitton protect their product designs from being copied by others.

Under current trade rules, Gucci can claim ownership for the ideas embodied in a handbag or fabric pattern. The intellectual property rights contained in the design can be given a patent or trademark. Once this has been done, others are prevented from legally copying the item for the duration of the patent or trademark.

Together, these sets of rules help Gucci and Louis Vuitton maintain their market and ensure their latest designs will not be quickly copied. The EU argues that some agricultural and other products should be protected by similar rules. These products include items that possess certain qualities, or enjoy a certain reputation, due to their geographical origin.

For example, only wine created by grapes grown in the Champagne region of France should be eligible for the title of 'champagne'. Any other product - even if grown from identical varieties of grapes using the same techniques of processing - cannot be labelled champagne. Champagne is not simply about the grape variety, the Europeans argue, but also about the particular combination of soil and climate found only in a specific geographic location. The quality and reputation of the wine come from this place and not from anywhere else.

Similar products made elsewhere in places like the United States, Australia or South Africa cannot be called champagne. Instead, wine produced in a similar fashion from the same grape varieties outside of Champagne must be called something else, like 'sparkling wine'.

The international community has recognised the importance of geographical indications. Several international treaties and national laws include provisions for the protection of geographical indications.

What is new, however, in the EU-South Korea FTA is how widespread these lists have become. In this FTA, the list is 22 pages long and includes products as diverse as horseradish roots, beer, lavender and olive oils, nougat, onions, barley and aster flowers.

This extensive list of protected names does not apply only to EU or South Korean companies trying to sell these products to each other, but also will affect every firm trying to sell these items in the EU or South Korea, including South-east Asian and globally competitive companies.

Any product included on the list that does not come from the specific named geographic region can no longer be exported to either the EU or South Korea without a name change. Gorgonzola cheeses from New Zealand destined for South Korean grocery stores must now be given a different name, like 'streaky blue cheese'.

The new names may not be recognisable to consumers. If South Korean consumers want to make something with gorgonzola, how will they find this type of cheese if it is now called streaky blue?

Changing names could easily lead to dramatic declines in export volumes. Companies will have to create expensive branding and education campaigns to introduce consumers to new product names.

Since Singapore companies do not produce cheeses or wine - or, indeed, any of the products on the list - this problem may not appear significant. However, Singapore does import products across the whole range of items on this list. But many of its suppliers also export to either the EU or South Korea. They will be forced to re-label and rename their products destined for South Korea's market to avoid troubles with the new FTA.

Given the small size of the Singapore market, firms will likely not bother making different labels for this market, but will instead ship goods with their EU- or South Korean-market labels. This means that Singapore consumers will also be unable to find gorgonzola, cognac or feta under these names in local stores.

Firms may not spend money on a rebranding or education campaign here for the new product labels. Importers may simply stop bringing in Australian or New Zealand products that do not sell well.

Of much greater concern than the inconvenience to some consumers, however, is the precedent that has been set by this new FTA. Geographical indications can also be used for non-agricultural items, like 'Bohemian' glassware, a specific kind of crystal ware produced in the Czech Republic. If geographical indications continue to proliferate in new FTAs, they have the potential to significantly disrupt trade patterns.

The writer is head of the Temasek Foundation Centre for Trade and Negotiations at the S. Rajaratnam School of International Studies, Nanyang Technological University.

Source: Straits Times © Singapore Press Holdings Ltd. Permission required for reproduction.