



United States Council for International Business

Peter M. Robinson, President & CEO

1212 Avenue of the Americas, New York, NY 10036-1689
tel: 212-354-4480 ~ fax: 212-575-0327
e-mail: news@uscib.org ~ Internet: www.uscib.org

Global Business Leadership as the U.S. Affiliate of:

International Chamber of Commerce (ICC)
International Organisation of Employers (IOE)
Business and Industry Advisory Committee (BIAC) to the OECD
ATA Carnet System

March 7, 2007

The Honorable Susan C. Schwab
United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Dear Ambassador Schwab:

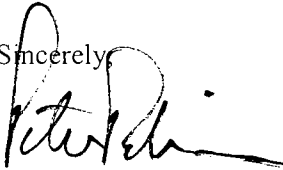
As the United States and Korea enter into their eighth round of Free Trade Agreement (FTA) negotiations during the week of March 5th, we are writing to express our serious concern over the continued reluctance of the Korean government to take an important step towards a fully liberalized communications services market by removing the 49% cap on foreign direct investment (FDI) in facilities-based telecommunications and cable service providers and the 33% cap in direct-to-home (DTH) service providers.

Korea is one of the world's most important markets for international telecommunications services and has a fast growing pay TV sector that is primed for increased investment by U.S. companies. An FTA will facilitate such increase in investment and trade opportunities specifically in electronic communications services including telecommunications, cable and DTH. However, Korea's insistence on maintaining its FDI limitations creates a very high barrier for foreign providers seeking to enter into this market. This ownership and licensing barrier creates an acute market inefficiency for U.S. companies that have ownership interests in the multiple submarine cable systems that land in Korea and cable and satellite broadcast facilities.

USCIB has urged the U.S. government to ask the Korean government to remove FDI restrictions applicable to facilities-based telecommunication service providers, cable and Direct to Home services. As USCIB has stated in its March 6, 2006 Comments to USTR on a variety of issues relevant to the ongoing negotiations, "elimination of the FDI limitation will stimulate overseas investment in Korea, help drive domestic growth in the telecommunications and key related sectors, and further the development of the information society."¹ As USCIB pointed out, "other Asian economies, including Singapore, Hong Kong, and Japan, have removed all foreign investment restrictions in these services sectors,"² making Korea's FDI restriction inconsistent with the global trend of enhancing FDI in the communications sector.

We would like to express our continuing support for a commercially meaningful US-Korea FTA, as well as our deep appreciation of the efforts to date of so many at USTR in attempting to address FDI issues. We have joined with other business organizations in signing a letter to the President that underlines the value that a high standards investment chapter in the FTA conveys to American investors in Korea. In this context, permitting U.S. entities to have 100% investments as facilities-based communications service providers is fundamental to the trade agreement with Korea.

Thank you for your consideration of our views.

Sincerely,

Peter M. Robinson

¹ USCIB Comments on the Proposed Free Trade Agreement with the Republic of Korea, in response to the Federal Register Notice of Feb. 9, 2006 (March 24, 2006).

² Ibid.