



The Korea Free Trade Agreement and Oregon's Environment

On June 26, 2010, President Obama announced plans to move forward with the Korea Free Trade Agreement — a trade deal that was negotiated and signed by President Bush three years ago, but which the Bush administration was never able to get through Congress.

The proposed pact with South Korea is the largest free trade agreement since NAFTA itself, and represents a reversal of President Obama's campaign pledge to support a new model for international trade.

One of many concerns about the Korea FTA is the impact it will have on the environment in Oregon and beyond.

The Korea FTA Opens Oregon's Environmental Laws to New Challenge

If enacted, the Korea FTA would provide South Korean firms operating in the United States with the special right to challenge any U.S. laws, regulations and even court decisions that negatively effect their profit-making potential. The challenges are heard by international tribunals that completely circumvent the U.S. judicial system. These extraordinary investor rights do not exist for American firms or American citizens, and can be utilized even when the public policies being challenged apply equally to South Korean and domestic enterprises.

Oregon's Policies Are More Vulnerable Under this Pack than Most Others

In the past, trade pacts have been used to challenge mining, fishing, clean air, toxics, endangered species, and food safety policies. The Korea FTA is different from most previous pacts that allow for investor-to-state disputes, however, in that it is only the second signed by the United States with a capital-exporting nation that possesses significant investments in the U.S. South Korean companies have owned a variety of businesses in Oregon in recent years, including a semiconductor plant, an animal feed processor and a shipping company. These and other Korean-owned businesses would be granted special rights under the Korea FTA to challenge Oregon's environmental laws at their discretion. The state could be forced to reverse its policies, and taxpayers could be forced to compensate businesses for any lost profits.

Federal "Green" Procurement Policies Also in Jeopardy

While Oregon is exempted from the procurement provisions of the proposed Korea FTA, federal procurement policies designed to advance environmental ends, such as renewable portfolio standards and recycled-content requirements, are vulnerable to challenge under the Korea FTA. Attempts to disbar Korean-

owned firms with bad environmental records from seeking government contracts could also be challenged under the FTA.

The Korea FTA Will Increase Global Shipping Emissions

There is widespread agreement across the political spectrum that the Korea FTA will increase the volume of trans-Pacific trade in manufactured and agricultural goods. According to a March 2010 report by the Pew Center on Global Climate Change, ocean-bound shipping is currently responsible for 1.5% of global greenhouse gas emissions. The Korea FTA will increase these emissions, and some of the pact's binding trade provisions may actually make international agreements to address shipping emissions more difficult. Should the FTA proceed, increased diesel emissions are also likely in the Port of Portland, home to the Hyundai America Shipping Agency. New steps taken to address increased emissions could, again, be challenged under the FTA's investor rights provisions.

No Carve-Out for Future Global Warming Agreements

The Korea FTA fails to include clear exemptions for policies designed to combat global warming. As written, trade obligations take precedent over any future domestic or international climate policies.

For more information, contact the Oregon Fair Trade Campaign at (503) 736-9777 or info@oregonfairtrade.org.