



The Korea Free Trade Agreement and Oregon Job Loss

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 trade-related job loss in Oregon.

The Korea FTA Will Increase the Trade Deficit

The U.S. International Trade Commission, a government agency that has routinely overestimated the benefits of potential U.S. trade agreements, predicts that the Korea FTA will increase the already-massive U.S. trade deficit. The independent Economic Policy Institute predicts that, within seven years of passage of the proposed FTA, the trade deficit with South Korea will more than double to \$26.9 billion per year.

Oregon Is Already Losing Too Many Jobs to Trade

A deficit-expanding free trade agreement with South Korea will only worsen Oregon job loss. Over the past year alone (from July 1, 2009 to June 30, 2010), 10,902 Oregonians were certified by the U.S. Department of Labor as losing their jobs due to either direct offshoring or displacement by imports. Trade-related job loss is already a significant source of the state's current and ongoing unemployment problems.

The Korea FTA Will Cost Hundreds of Thousands of American Jobs

The Economic Policy Institute predicts that total imports from South Korea under the proposed FTA will displace 888,000 existing or potential U.S. jobs. Even when export-related job creation is factored in, a net hundreds of thousands of American jobs will still be lost as a result of the overall trade imbalance. While state-by-state data is not available, it is reasonable to assume thousands of Oregon jobs will be lost as a result of the trade deal.

Oregon's High-Tech Sector Is at Particular Risk

Oregon's semiconductor industry has been bleeding jobs since China's entry into the WTO 2001. South Korea is a nation with a highly-developed semiconductor industry of its own, and threatens to siphon off more of Oregon's high-tech jobs

should the FTA move forward. Lower labor costs are one obvious reason for a shift in production. The Korea FTA's investor rights provisions create further incentive to offshore, granting U.S. firms that locate in South Korea with special rights to challenge any laws, regulations and court decisions that undermine their profit-making potential. Oregon's paper industry and its fledgling "green-tech" industry are also seriously threatened by the FTA.

"Buy Local" Procurement Policies Are Also Jeopardized

The Korea FTA bans many "Buy American" and "Buy Local" government procurement policies designed to ensure that taxpayer dollars are re-circulated through the Oregon and U.S. economy.

Big Business Is Only Telling Half the Story

The U.S. Chamber of Commerce published a study in 2009 that predicted the United States would create a combined 338,352 jobs from the increased exports associated with passing the Korea, Colombia and Panama Free Trade Agreements. This number is not too far off base, but it completely fails to account for the jobs lost due to increased imports under the agreements. Again, the Korea FTA is predicted to increase the trade deficit and cost the nation far more jobs than it creates.

Strong Opposition from Organized Labor

Immediately following President Obama's announcement to move forward with the Korea FTA, AFL-CIO President Richard Trumka reiterated that the AFL-CIO remains "strongly opposed" to the agreement. In a statement to the media, he argued, "The agreement would exacerbate our already lopsided trade relationship with South Korea, putting at risk thousands of good U.S. jobs ... This flawed agreement is the last thing working people need. With a fragile and incomplete economic recovery, and unemployment estimated to remain near 10 percent for the foreseeable future, we should not be putting in place new trade agreements that will speed up the offshoring of U.S. manufacturing."

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