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The Korea FTA Would Worsen Oregon's Unemployment

In late June, President Obama announced plans to move forward with the Korea Free Trade Agreement. This job-killing trade deal was negotiated and signed by the Bush administration three years ago, but the Bush White House was never able to get it through Congress. We need to act now to stop the Korea FTA from moving forward, before more Oregon jobs are shipped overseas and a horrible precedent on trade is set for the remainder of the Obama presidency.

The proposed pact with South Korea is truly massive. It is the largest free trade agreement since NAFTA itself, and dwarfs any trade measure that President Bush was able to pass in his eight years in office. As bad as CAFTA and the other Bush trade deals have been for Oregon, the Korea FTA would be much, much worse.

A study by the Economic Policy Institute (EPI) finds that, within seven years of passage of the propose FTA, the trade deficit with South Korea will more than double to \$26.9 billion per year. Even 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.

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

The EPI study estimates 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 semiconductor industry, which has been bleeding jobs since China's entry into the WTO 2001, is at particular risk under the Korea FTA. South Korea is a nation with a highly-developed semiconductor industry of its own, and it 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, its fledgling "green-tech" industry and other industries are also seriously threatened by the FTA.

Like many previous trade deals, the Korea FTA even bans many "Buy American" and "Buy Local" government procurement policies, preventing taxpayer dollars from being re-circulated through the Oregon and U.S. economy.

Immediately following President Obama's announcement embracing 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."

The bottom line is that we need to stop the Korea FTA before it starts to move forward. In Oregon, the best way to do that is to put pressure on Senator Ron Wyden. Senator Wyden is chair of the Senate Trade Subcommittee, and will play a key role in determining if the Korea FTA moves forward as written or if it is sent back to the drawing board.

Please call Senator Wyden's office at (202) 224-5244 or (503) 326-7525 and leave a message letting him know you oppose the Korea Free Trade Agreement. For more information, visit the Oregon Fair Trade Campaign website at www.oregonfairtrade.org.