

# EU-Korea trade deal puts pressure on Obama to act

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Reuters

October 15, 2009

WASHINGTON (Reuters) - President [Barack Obama](#) faced increased pressure on Thursday to win approval of a free trade deal with South Korea after the European Union locked up its own pact with Asia's third-largest market.

"We have concluded our negotiations with the EU, which has almost a similar economic size as the United States," South Korean Ambassador to the United States Han Duk-soo said.

"President Obama will visit Korea in November and we hope we will make some progress before that" to resolve concerns blocking approval of the U.S.-Korea free trade pact, Han said in a speech at the Heritage Foundation.

The United States and South Korea signed their free trade deal more than two years ago. But U.S. lawmaker concerns over beef and auto trade with the longtime ally that borders North Korea has blocked approval of the agreement.

Many U.S. lawmakers argue the free trade pact fails to tear down "non-tariff barriers" that keep out American cars. Others want Seoul to remove remaining barriers to U.S. beef imports that stemming from the discovery mad cow disease in the United States several years ago.

Since then, South Korea has continued negotiating free trade deals. It initialed a pact with the European Union on

Thursday expected to go into force by the middle of 2010 and is currently in talks with Canada, Mexico and Peru.

"We would like to be the hub of free trade agreements in East Asia," Han said, citing a study that U.S. companies could lose 380,000 jobs to competitors in the EU and Canada if the U.S.-Korea free trade agreement is not approved.

The EU-Korea trade deal could be worth 100 billion euros (\$149 billion) to both economies and advocates says it will help both sides fight the worst financial crisis in decades.

It also comes at a time when the United States is already losing market share in South Korea to the EU, Japan and China.

## US SAYS "KEENLY INTERESTED" IN EU-KOREA DEAL

Obama sided with the United Auto Workers and other opponents of the South Korean free trade agreement during last year's presidential campaign.

After meeting with South Korean President Lee Myung-bak in June, the two leaders agreed to work on outstanding concerns. However, Seoul has steadfastly refused to renegotiate auto provisions that are the biggest obstacle to U.S. approval.

A spokeswoman for the U.S. Trade Representative's office said the United States was "keenly interested" in the implications of the EU-Korea deal for the United States.

"EU firms compete directly with U.S. suppliers in key segments of the large and growing Korean market, such as machinery, chemicals, plastics, auto parts, and dairy products," USTR spokesman Carol Guthrie said.

"Ambassador (Ron) Kirk believes it is vital to maintain the competitiveness of US businesses and workers in this important market," Guthrie said, referring to the U.S. Trade Representative.

#### PANAMA, COLOMBIA

Meanwhile, Panamanian and Colombian trade officials also urged U.S. action on their free trade agreements, which like the Korean deal are left over from the administration of former President George W. Bush.

Obama sided with labor groups in opposing the Colombia free trade agreement on the grounds that President Alvaro Uribe has not done enough to stop violence against trade unionists and prosecute those responsible for killings.

But Ricardo Triana, director of the Colombia Trade Bureau, said the average Colombian had a hard time understanding why the U.S. Congress still has not approved the trade deal signed between the two countries in November 2006.

The trade situation facing Colombia is especially difficult after Venezuela decided to cut trade in the wake of Washington and Bogota's decision to negotiate a defense cooperation agreement, Triana said.

September figures show that trade with Venezuela, Colombia's second-largest trading partner, has fallen 52 percent while trade with Ecuador, Colombia's third-largest trading partner, has also dropped, he said.

"This is not an easy situation and I am sure you can see the public perception of the real and tangible cost of being a U.S. ally," Triana said, adding Colombia believes it has made major progress in reducing violence the past seven years.

Panama hopes to soon resolve tax and labor issues that have blocked approval of its trade deal, which was signed with the United States in June 2007, said Francisco Alvarez de Soto, Panama's vice minister for trade negotiations.

Timothy Keeler, a trade lawyer at Mayer Brown who worked for USTR during the Bush administration, said the only way the three trade deals will be approved is if Obama decides to make them a priority and is willing to take on labor groups.

There may be a chance to approve the deals early next year if Obama "makes a very difficult decision he wants to get this done" before the November 2010 congressional elections, Keeler said. If not, it could be 2011 at the earliest before Congress votes on the pact, he said.

*(Additional reporting by [Darren Ennis](#) in Brussels; Editing by [Cynthia Osterman](#))*