

US-SKorea free trade pact languishes in Congress

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WASHINGTON — Five months after the United States and South Korea signed a free trade agreement, there is little urgency among lawmakers to approve the most commercially significant US deal in 15 years.

Signed after 10 months of intense negotiations in June, President George W. Bush's administration had expected Congress to consider the pact in the fall but concerns from US automakers and South Korean restrictions on American beef could delay its debate up to March 2008, officials and experts said.

The US-Peru free trade agreement cleared a critical hurdle in the House of Representatives last week -- the first such accord passed since Democrats won control of Congress a year ago -- but key lawmakers remain opposed to the South Korean pact.

"The South Korean agreement does not create a level playing field for American carmakers," said Hillary Clinton, the top Democratic candidate for the November 2008 presidential election.

House Speaker Nancy Pelosi, who broke Democratic party lines on free trade and led the voting for the Peru deal, cautioned that "other trade agreements have other obstacles that have to be dealt with," in an oblique reference to the Seoul deal.

The main grouse of lawmakers is that deal does not fully open US autos to one of the world's largest vehicle markets. Seoul has also not lifted restrictions on US beef imports.

Autos account for almost one-quarter of bilateral trade valued at 78 billion dollars last year, but also a large share of the US trade deficit with its Asian ally.

Last year, for example, South Korea exported more than 700,000 cars to the United States while the United States exported fewer than 5,000.

The White House and other administration officials have sought the same bipartisan cooperation reflected in the House adoption of the Peru deal for pending deals on Panama, Colombia and South Korea.

"The Korea agreement is important for our strategic, economic interests in Asia the way the Peru, Colombia and Panama agreements are important to our strategic interests in South America, Steve Norton, spokesman for the US Trade Representative, told AFP.

"We fully expect that this agreement is going to come up. I think it's not likely to come up before the end of the year, we are looking at sometime early next year," he said. The

agreement is the biggest US free-trade deal since the 1993 North American Free Trade Agreement (NAFTA) and Washington believes if approved by Congress, it would trigger a wave of trade liberalization and economic reforms throughout Asia, where it has such pacts only with Singapore and Australia.

An independent study showed that by just removing tariffs on goods alone, it is expected to boost US gross domestic product by nearly 12 billion dollars per year.

It is not immediately clear how the Bush administration could sweeten the deal to appease Congress, especially when the pact is governed by so called fast-track rules in which the legislature must accept or reject it without amendments.

"The Bush administration will have to respond constructively to Democratic concerns about the FTA before the deal can be ratified and should consider new federal programs to help promote the competitiveness of US automakers," said Jeffrey Schott of the Washington-based Peterson Institute for International Economics.

For example, he said, the programs could assist auto companies in complying with new fuel economy standards and financing their "legacy" pension and health care costs.

"The stakes -- in terms of both US economic and security interests in East Asia -- are too great, and the costs too high, to reject the pact or defer a decision," he said.

South Korea is the seventh largest trading partner of the United States and a top military ally in Asia.