

Korea, U.S. Pledge to End Differences Over Refrigerator Trade

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South Korea and the U.S. agreed to work together to resolve a dispute between Whirlpool Corp. and Korean manufacturers over how refrigerators are tested, giving a potential boost to a pending trade accord.

The two countries exchanged letters this week in which Korea pledged to work out a new testing system, the U.S. trade office said. Whirlpool objected that Korea's tests gave an unfair advantage to Korean companies such as LG Electronics Inc. and Samsung Group. South Korea agreed to scrap the standard earlier this week.

The dispute has taken on heightened importance as lawmakers have criticized the Korean-U.S. free-trade agreement, saying a variety of South Korean regulations establish unfair trade barriers to American exports to that country.

“With these provisions, and with the KORUS free-trade agreement, it will help ensure a level playing field for American manufacturers,” Stephen Norton, a spokesman for the U.S. Trade Representative's office, said today.

The Bush administration and South Korea reached an accord earlier this year to eliminate tariffs and curb barriers to investment, the largest such trade pact by the U.S. since the North American Free Trade Agreement in 1993. Trade between the U.S. and South Korea would increase by \$18 billion a year, or 23 percent, if the deal is implemented, according to an independent U.S. government assessment.

Congress hasn't scheduled a vote on the accord, as lawmakers object that Korea uses environmental regulations, tax policies and other measures to discriminate against U.S.-made products such as beef and automobiles.

Energy Efficiency Tests

Whirlpool, the world's largest appliance maker, has raised concerns with the U.S. and Korean governments about the testing regime for energy efficiency. It argues that the current system allows Korean-made refrigerators to get lower energy scores, giving them an unfair advantage in the marketplace.

Since the standards went in place in 2003, Whirlpool has seen its share of the Korean market tumble. It sold 25 million refrigerators a year there in 1996 and 2 million last year.

“We look forward to actively participating in the process of adoption and implementation of the new Korean refrigerator energy test procedure,” said Tom Catania, vice president for government relations at Whirlpool.

Advocates for the free-trade deal said that resolution of this dispute, which could come in April, may help pave the way for Congress to approve the agreement.

Whirlpool is based in Benton Harbor, Michigan, the home state of Representative Sander Levin, chairman of the House Ways and Means Committee's trade subcommittee and a leading critic of the pact.

“If you look over the last couple of years, the relationship between the countries has gone from an antagonistic one to one where issues are addressed and dealt with,” said Troy Stangarone, director of congressional affairs at the Korea Economic Institute in Washington and a supporter of the agreement.