

FTA Tests Korea-US Relations

Seoul Starts Bumpy Free Trade Talks With Washington

By Yoon Ja-young

Staff Reporter

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Korea will start the first round of negotiations with the United States on a bilateral free trade agreement (FTA) in Washington, next week, but there appears to be little chance of an early breakthrough.

The 146-member Korean delegation led by Kim Jong-hoon will leave Saturday for the June 6-9 talks. What it will leave behind is a nation that remains divided about the wisdom of an FTA with the U.S. under the leadership of the Roh Moo-hyun government, greatly weakened after a sweeping loss the governing party suffered in recent local elections.

In a pre-departure news conference Friday, Kim said, `` We will try to minimize losses for Korea by balancing our talks with the U.S.

``It is wrong to conclude that FTA negotiations will be difficult by looking at the results of the first round," Kim told reporters. His remarks are interpreted to head off expectations for smooth negotiations. His counterpart, Assistant U.S. Trade Representative for Japan, Korea and APEC Affairs Wendy Cutler, had previously put her foot down, saying the U.S. would not sacrifice its goals for the early signing of the FTA between the world's only superpower and the 10th largest economy.

Up for negotiations are 15 categories covering the entire range of the national economy from trade of goods, agriculture, textiles, rules of origin, customs procedures, to labor and the environment. Government procuring and Technical Barriers to Trade (TBT) will be separately negotiated in Geneva.

According to drafts of the two nations' positions on the issues, the most controversial categories include the opening of agriculture and financial services, and the treatment of products made at the Kaesong industrial complex in North Korea.

``To enhance negotiating power, both parties have included provisions more conservative and aggressive than previous FTAs," Kim said, adding that the U.S. won't make some of the concessions it did in their FTA negotiations with other countries.

The Roh Moo-hyun administration has placed an FTA with the U.S. as a top priority, pointing out its necessity as a new growth engine for the country whose economy is expected to slow down with a low birth rate and an aging society. But the governing party has suffered from great losses in recent local elections, casting a doubt on the administration's ability to push ahead with such a divisive agenda as an FTA with U.S.

With Korea's economy heavily dependant on exports, the business sector is expecting that an FTA with its second largest market will be a great leap forward.

However, the government still has domestic obstacles to signing a Korea-U.S. FTA. The opposition of farmers is fierce. Members of the headquarters of the ``Pan-National Movement to Stop the Korea-U.S. FTA" said they will leave for the U.S. to hold a demonstration. The governing Uri Party's defeat in the local election is also adding to concern that the government will have difficulties in pushing forward with the task.

The two countries will start negotiations based on a proposal draft they exchanged in May. They will start more concrete discussions at the second round of negotiations scheduled to open in Seoul from July 10. There will be three more rounds of negotiations, scheduled in September, October and December.

When considering that the Trade Promotion Authority (TPA) granted to President George W. Bush by the U.S. Congress expires on July 1 next year, and that it takes about three months for passage in the U.S. Congress, negotiations should be concluded by the end of next March, at the latest, government officials said.

chizpizza@koreatimes.co.kr