

# South Korea offers talks on stalled US trade pact

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SEOUL — South Korea said Thursday it is ready for talks to ease US automakers' concerns about a stalled free trade agreement, as US President Barack Obama cautioned that several issues must still be settled.

The deal signed in June 2007 still awaits ratification by Congress amid US demands for greater market access for its cattlemen and carmakers. The delay is a potential irritant in otherwise close relations.

South Korea shipped about 700,000 cars to the United States in 2007 while just 5,000 moved in the opposite direction, official figures show.

Analysts in Seoul say the figures exclude more than 125,000 vehicles made by a General Motors subsidiary in Korea while including vehicles made by a Hyundai plant in Alabama.

"The trade between South Korea and the US is balanced," Lee insisted after summit talks with Obama, who was on the last stop of his debut Asian tour.

"If the US thinks there is a problem in the auto (sector), we are ready to discuss it again because we have also forged an FTA (Free Trade Agreement) with the European Union, one of the world's biggest auto-producing regions," Lee told a joint press conference.

"If there is a problem in the auto sector, I think we can have an opportunity to talk about this issue again. We are ready to do it."

The United States is South Korea's fourth largest trading partner, with two-way trade worth almost 85 billion dollars in 2008.

The two leaders both stressed the FTA has a strategic dimension in strengthening the alliance, as well as an economic one.

In their talks they reaffirmed the "economic and strategic importance" of the FTA, Lee said. "We agreed to redouble our efforts to move the agreement forward."

"There are still issues that are being discussed and worked on," he added, without giving any timeframe for ratification.

Obama professed himself a "strong believer" in the pact's benefits but cited concerns in his country "around the incredible trade imbalances that have grown over the last several decades".

"Those imbalances are not as prominent with Korea but there is, I think, a tendency to lob all of Asia together," Obama said.

"One of my goals is to make sure that as we work through these issues the American people and American business and workers recognise that we have to look at each agreement in each country on its own merits."

Seoul has opposed any formal renegotiation of what would be the biggest US trade pact since the 1994 North American Free Trade Agreement. Lee's spokeswoman has called on Obama to take a "more aggressive" position on ratifying the pact.

While the auto trade is the main US concern, cattlemen also want South Korea to open its beef market wider.

The country was once the world's third-largest market for US beef, with imports worth 850 million dollars per year until they were suspended in 2003 after a US case of mad cow disease.

In hopes of pushing ahead with the wider free trade deal, Seoul in April 2008 agreed to resume imports of most cuts of US beef. But the pact sparked months of mass street protests.

The sometimes violent rallies subsided only after Seoul secured extra health safeguards for the meat. US cattlemen say these should be relaxed.