

# South Korean trade deal pits Obama against labor base

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The Hill

1 July 2010

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President Barack Obama has angered unions by picking an election-year battle with organized labor over trade.

Obama will seek to complete the South Korean trade deal negotiated by the George W. Bush administration in time for his November visit to Seoul, the White House announced toward the end of the G-20 meeting in Toronto this past weekend.

“We don’t think it’s a good move economically or politically,” said Thea Lee, a trade lobbyist for the AFL-CIO.

The pact would be the biggest U.S. trade deal since the North American Free Trade Agreement was signed with Canada and Mexico.

The U.S. government estimates it would add \$10 billion to \$12 billion to U.S. gross domestic product. It seeks to close what was a \$10.6 billion trade deficit with South Korea in 2009.

The announcement comes at a perilous time for the administration, which is grappling with a weak recovery from the worst recession in decades.

Stocks on Wall Street fell hundreds of points on Tuesday, reflecting uncertainty over plummeting consumer confidence, and the administration is bracing for a new jobs report on Friday that is expected to show the unemployment rate ticking back up.

Exports are a key part of Obama’s hopes of turning the economy around. He has pledged to double U.S. exports over the next decade as a means of creating new jobs.

Labor argues the trade agreement will exacerbate problems in the U.S. economy and lead to the elimination of more U.S. manufacturing jobs.

Business groups, disappointed that a trio of trade deals were set aside by the Democratic Congress, were delighted by the news. “We were very pleased,” said Doug Goudie, director of international trade for the National Association of Manufacturers.

The news on South Korea surprised business and labor groups.

Both sides were briefed by the Office of the U.S. Trade Representative in a hastily arranged Saturday afternoon teleconference. Many lobbyists struggled to make the call, which started after one hour's notice and began just as the U.S. and Ghana entered extra time in the World Cup.

The South Korean trade agreement was signed in 2007 and has languished since Obama took office because of opposition not only from labor unions, but from the Ford Motor Co.

Ford and the United Autoworkers argue South Korean non-tariff barriers have blocked most trade in U.S. vehicles, and that the deal negotiated by the Bush administration does little to change this.

The groups have a strong ally in Rep. Sandy Levin, the chairman of the House Ways and Means Committee.

Levin is a Michigan Democrat put in charge of trade by Speaker Nancy Pelosi (D-Calif.) before he became chairman. On Saturday, he blasted the Korean deal for not addressing regulatory and tax barriers that have led to one-way trade with South Korea and hurt the U.S. industrial sector.

"Congress expects to be consulted actively in these negotiations, and the date targeted by the president can be met only if the outstanding issues are fully addressed with enforceable commitments," he said.