

UPDATE 1-US autoworkers, Chrysler warn against Korea deal

By Doug Palmer
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WASHINGTON, Sept 24 (Reuters) - U.S. autoworkers and troubled automaker Chrysler urged Congress on Wednesday not to approve a free trade pact with South Korea until it has been renegotiated to address their concerns.

The deal struck in April 2007 by the Bush administration "would threaten the jobs of tens of thousands of American workers, exacerbating the already serious difficulties facing the U.S. auto industry and its workers and retirees," said Ron Gettelfinger, president of the United Auto Workers union.

Gettelfinger told the Senate Commerce Committee the agreement fails to tear down South Korean regulatory barriers that have long thwarted sales of U.S. and other foreign cars, even though South Korea would be required to immediately eliminate its tariffs on U.S. cars and trucks.

John Bozzella, Chrysler's vice president for external affairs and public policy, said the agreement "narrows, but does not eliminate discrimination against U.S. auto importers" in South Korea and rewards that country for failing to live up to previous auto trade deals.

The warnings came on the same day the U.S. House of Representatives approved \$25 billion in loans to help Chrysler, Ford and General Motors through current hard times. That legislation now goes to the Senate for a vote.

Last year, South Korea exported 668,000 autos to the United States, but imported only 6,500 U.S. vehicles.

Presidential Democratic candidate Barack Obama has promised to negotiate the trade deal if elected. His Republican rival John McCain has urged approval of the pact.

SUPPORT FROM FARM, BUSINESS GROUPS

The agreement enjoys broad support outside the auto sector from many farm and business groups eager to increase sales in South Korea's \$1 trillion economy.

Myron Brilliant, president of the U.S.-Korea Business Council, said the pact does tackle many "non-tariff barriers" the U.S. auto sector has long complained about.

South Korea also pledged not to "discourage the purchase or use of U.S. goods or services -- an important commitment in light of the past anti-import campaigns in Korea," he said.

The U.S. International Trade Commission has estimated the agreement would likely have a "negligible" effect on overall U.S. auto trade, Brilliant said.

The independent trade panel forecast auto imports from South Korea would increase under the pact, but said most gains would come at the expense of other foreign suppliers.

The Bush administration still hopes lawmakers will approve the agreement this year in a possible lame duck session of Congress after the Nov. 4 elections.

Senate Commerce Committee Chairman Bryon Dorgan, a North Dakota Democrat and foe of Bush administration trade deals, said lawmakers would not approve the pact in 2008.

"I believe unless it's modified in a very substantial way it's not going to be approved by any Congress," Dorgan said.

Speaking to the Asia Society think tank in New York, South Korean Prime Minister Han Seung-soo said his country still hoped for the bill's passage -- if necessary in a lame duck session of Congress after the Nov. 4 election.

"It will be beneficial not only to Korea, but also to the United States and to the world," Han said. (Additional reporting by Paul Eckert in New York)

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