

## **Bush Administration Rules Out Changes to South Korea Trade Pact**

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A top Bush administration official ruled out any changes to automobile provisions in a free-trade agreement with South Korea, setting up a new battle with Democrats in Congress.

Deputy U.S. Trade Representative Karan Bhatia said members of Congress shouldn't "succumb to protectionism" and fail to approve the pending trade agreement, which the Bush administration sees as an important step to better link U.S. companies to the growing Asian economy.

If Congress doesn't approve the accord, "U.S. credibility in Asia will be dealt a serious blow, as trading partners will be left to question our commitment to our vital relationships in the region," Bhatia said in a speech in Washington.

The U.S.-Korean free trade agreement, signed by both countries last month, is estimated to add \$29 billion to the countries' \$78 billion-a-year commercial relationship and would affect the largest amount of trade since the North American Free Trade Agreement in 1994.

Still, Democrats such as Senator Hillary Clinton of New York and House trade subcommittee chairman Sander Levin of Michigan say that the deal to cut tariffs and set rules for investment, known as Korus, doesn't address unfair restrictions on U.S. auto exports to Korea.

The Bush administration already faces Democratic opposition to another free-trade agreement, one signed last year with Peru. Levin and other Democrats want Peru's government to overhaul its labor laws before the U.S. Congress votes on the agreement; the Bush administration says such demands are unfair. Democrats have said they have no plans to extend President George W. Bush's "fast-track" authority to negotiate new trade agreements, which expired at the end of last month.

### Opposition Leaders

Opposition to the Korean agreement in the U.S. is being led by the United Auto Workers union and Ford Motor Co., who say it doesn't do enough to eliminate barriers to sales of U.S.-made automobiles in South Korea while removing U.S. tariffs on Korean-made vehicles as soon as the deal goes into effect.

House Ways and Means Committee Chairman Charles Rangel took up their cause in a speech last week, saying he wants the administration to rework the trade agreement before he would be willing to bring it up for a vote.

The Korean deal "is in the hands of the U.S. Trade Representative," Rangel said July 17.

U.S. Trade Representative Susan Schwab signaled earlier this month that the administration was unwilling to renegotiate those provisions, and Bhatia reinforced that position today. Instead, he said he hoped that Congress would understand the "critical importance" of the deal.

"If we succumb to protectionism within our own borders, and allow Korus to fail -- or

not even receive – a congressional vote, the repercussions promise to be severe and enduring," Bhatia warned.