

US Says Korea Talks Could Go Into 2007

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By Kelly Olsen

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SEOGWIPO, South Korea — The latest effort by the United States and South Korea to reach a landmark free-trade agreement got off to a rocky start Monday, with Washington saying talks may carry over into 2007 while Seoul criticized a U.S. tariff reduction offer. The two sides opened their fourth round of negotiations since June on the southern resort island of Jeju, where thousands of demonstrators opposing free trade with the U.S. called for the talks to be scrapped.

Since announcing their intention to launch the negotiations in February, both sides have consistently said they wanted to reach a basic agreement by the end of 2006. That now appears to be in question.

"We are still trying to conclude this agreement by the end of this year or early next year," U.S. Assistant Trade Representative Wendy Cutler told reporters, suggesting the talks may drag on.

The timetable is important because U.S. President Bush's legal authority to "fast track" a deal expires in mid-2007, and both the U.S. Congress and South Korea's National Assembly need time to debate and vote on any deal.

Fast-tracking allows U.S. envoys to negotiate an agreement that can be submitted to Congress for a yes-or-no vote without amendments.

The two governments are seeking a deal that officials say will boost economic growth by increasing trade between the world's largest and 10th-largest economies.

The stakes are high. The accord, if achieved, would be the largest for the U.S. since the North American Free Trade Agreement in 1993.

"We have \$72 billion in two-way trade so it's only natural that there are a lot of issues at hand to be negotiated and frankly a lot of concerns and sensitivities on both sides that need to be addressed," Cutler said.

Cutler and her South Korean counterpart, veteran trade diplomat Kim Jong-hoon, kicked off the latest round with a handshake earlier in the day at a swank hotel in Seogwipo, a city at the southern tip of Jeju.

Cutler said the U.S. made new offers calling for shorter time frames for tariff reductions covering nearly \$1 billion in industrial goods, over \$1.3 billion in textiles as well as \$135 million in agricultural goods.

Kim said later that the U.S. offer on industrial products was insufficient.

"While the U.S. presented an improved tariff concession offer on industrial goods, it still fell significantly short of our expectations," he told reporters, according to South Korea's Yonhap news agency.

He also said the South Korean side walked out of those discussions in the morning and that they were unlikely to resume Tuesday, Yonhap reported.

Cutler, who spoke to reporters in the afternoon, didn't mention any such walkout, saying only "we can't make progress alone."

U.S. Embassy spokesman Robert Ogburn quoted Cutler as saying late Monday after Kim spoke that the talks on industrial goods had not broken down.

The talks, scheduled through Friday, brought a variety of protests to Jeju, a mountainous island of beaches, casinos and tangerine groves, with demonstrators shouting slogans and carrying banners against the proposed deal.

South Korean rice and beef farmers, in particular, have opposed a deal, saying cheaper U.S. products would jeopardize their livelihoods.

Police estimated about 11,000 demonstrators took part in a protest at the island's convention center, about 2 miles from the hotel venue for the talks.