

South Korea, U.S. to start free trade talks in June

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Reuters

By Jack Kim

SEOUL - The United States and South Korea agreed on Monday to start a formal round of free trade talks in June, dealing a blow to farmers and unionists demonstrating against the plans.

A group of about 40 rallied on Monday in Seoul as trade negotiators from the two countries agreed to hold their first official talks, aimed at bringing down trade barriers, on June 5 to June 9 in Washington.

South Korea's chief negotiator, Kim Jong-hoon, told reporters four additional rounds of talks were planned in alternate capitals for this year to open up trade between the two countries that in 2004 totaled more than \$70 billion.

"I believe we should finish this job once we start it," he said, adding the two sides had not set a date for when the talks should be finalized.

"We have not set a deadline for the talks," he said.

Kim and the U.S. chief negotiator Assistant Trade Representative Wendy Cutler met at South Korea's Foreign Ministry.

However, Korean opponents, fearing free trade will spark a flood of cheap imports from the United States that could ruin their livelihoods, promised fierce demonstrations against the government of President Roh Moo-hyun to try to prevent a deal going ahead.

"The Roh Moo-hyun government will never be excused," said Moon Kyung-sik, the head of the Korea Peasants' League. "We will be fighting stronger battles than we did last year."

Two members of the Korea Peasants' League were killed last year in clashes with riot police when they demonstrated against a multi-lateral agreement by South Korea to gradually raise rice imports.

Rice will be one contentious area in the talks between Seoul and Washington. South Korea insists rice will not be part of a free trade deal, while the United States says it must be included in the talks.

Another contentious area is likely to be exports of South Korea autos to the United States. U.S. car makers are already feeling the heat as they lose market share to Asian producers.

South Korea's service sector could also create bottlenecks in the talks because of large state involvement or restrictions on foreign ownership in such fields as telecommunications.

"Opening agriculture is definitely a big barrier, but opening (South Korean) services will also be important," said Daniella Markheim, a trade economist at the Heritage Foundation in Washington.

Kim said the talks will be open-ended even though White House authority to negotiate a trade pact that can not be amended by Congress runs out in July next year.

President Roh said last month reaching a free trade deal with the United States would be one of the top priorities in the remainder of his term that runs to February 2008.

The United States, which has the world's biggest economy, ran a trade deficit with South Korea, which has the world's 11th biggest economy, of \$19.8 billion in 2004.

(With additional reporting by Paul Eckert in Washington)