

South Korea warns U.S. lawmakers against opposing bilateral FTA

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SEOUL -- South Korean Trade Minister Kim Jong-hoon warned Tuesday that the United States could lose out on the "golden opportunity" to secure a firm bridgehead in the Korean market ahead of the European Union, Canada and China if the American parliament fails to ratify a bilateral free trade agreement.

South Korea and the U.S. signed a trade pact in June after nearly a year of sometimes acrimonious negotiations. The proposed agreement must be endorsed by legislatures in both nations before it goes into effect.

In September, the South Korean government submitted the bill on a free trade pact with the U.S. to its National Assembly for approval, but the U.S. government has yet to take similar steps, Kim said.

"I am sure you share our concerns that the failure of ratification in either country may hold negative repercussions on our bilateral relations that we have painstakingly built over half a century," Kim said in a speech for business leaders of the American Chamber of Commerce in Korea.

Kim said the U.S. "would lose out on the golden opportunity to secure a firm position in the Korean market ahead of other trading nations such as the EU, Canada and China," if Washington fails to approve the deal.

"It would also undermine U.S. leadership and credibility in promoting open markets and fair competition across the globe," said Kim, who was served as South Korea's chief negotiator in free trade talks with the U.S. before taking the top of trade minister.

Kim admitted that beef and auto issues have been the "key obstacles" for the U.S. lawmakers to ratify the South Korea-U.S. free trade deal, but he said the deal is too big to fail.

"We should be mindful not to sacrifice the KORUS FTA as a whole to cater to certain sectorial interests," Kim said, referring the South Korea-U.S. free trade pact.

The beef issue, though it wasn't technically a part of the South Korea-U.S. free trade deal, has been one of most sensitive trade issues between the two trading partners.

South Korea, once the third-biggest buyer of the American meat, resumed imports of only boneless U.S. beef last year after a three-year ban over an outbreak of mad cow

disease in the American soil.

However, U.S. lawmakers have urged South Korea to "fully" reopen its beef market, warning the ratification of a free trade pact would fail unless Seoul refuses to do so.

South Korea has been engaged in talks with the U.S. to soften its quarantine rules over the U.S. beef, but the negotiations have yielded little progress so far.

"The Korean government has been exerting an all-out effort to resolve the beef issue at an early date," Kim said.

"However, given that this is more of a public health issue than a mere trade issue, we really have no choice but to err on the side of caution in approaching the problem," he added.

South Korea will continue to look for "practical ways" to normalize the beef trade, the trade minister said.

As for the auto issue, Kim refuted the U.S. claim that the South Korean market isn't a "level playing field for U.S.-made autos."

"I would also like to make it a point that the allegation that the Korean auto market is inaccessible is simply not true," Kim said.

The market share of foreign cars will jump to approximately 30 percent if foreign-owned automakers like GM Daewoo Auto & Technology Co, a unit of General Motors Corp., and Renault Samsung Motor Co., an affiliate of French automaker Renault SA are included as well, Kim said.

Two-way goods trade between South Korea and the U.S. totalled more than US\$79 billion in 2006, according to the South Korean government.

The deal, billed as the biggest such commercial pact since the 1994 North American Free Trade Agreement, would prompt bilateral trade to grow by as much as 30 percent in coming years, according to several estimates.