

Korea and America Need Trade

The FTA is too good to pass up.

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Wall Street Journal

May 1, 2009

As the effects of the global financial crisis spread, Korea and the United States have a unique tool at their disposal to help combat recession: Approving the Korea-U.S. Free Trade Agreement. The trade pact would open a new era of economic alliance and common prosperity for South Korea and the U.S. It truly is a win-win arrangement, and there is no time for procrastination in the current economic environment. South Korea's National Assembly Committee on Foreign Affairs, Trade and Unification passed a bill last week to ratify this trade deal. I call on the full legislatures of Korea and the U.S. to take the earliest opportunity to finalize the deal.

The Korea-U.S. trade deal is expected to produce huge economic benefits through robust mutual trade and investment. It is essential for South Korea to widen export opportunities since its economic vitality heavily depends on foreign trade. The troubled U.S. economy, meanwhile, will reap major benefits from the expanded export opportunities afforded by the pact. According to the U.S. International Trade Commission, when the agreement enters into force U.S. exports to South Korea will increase to between \$10 billion and \$11 billion per year, and the agreement will increase U.S. GDP by \$10 billion.

The Korea-U.S. deal also offers strategic benefits to both sides. The agreement will play a pivotal role in upgrading the current Korea-U.S. bilateral partnership into a broader strategic alliance in the 21st century. We are already broadening and deepening our cooperation on a range of issues, such as stabilization missions in Iraq and Afghanistan, and the fight against piracy in Somalian waters. The trade agreement will further cement the productive partnership between our countries.

The trade deal will help secure peace and stability on the Korean Peninsula. The FTA, built upon the principles of free markets and democracy, will take the relationship between Korea and the U.S. to the next level of comprehensive partnership. As the first U.S. FTA with a North Asian partner, the FTA with Korea will provide a good opportunity for the United States to engage more closely in the region.

The trade agreement also will reinforce the U.S. role in managing the global crisis. The inspiring new U.S. president, Barack Obama, together with the American people, hopes to restore America's global image and leadership. To achieve this, it will be crucial for America to reclaim its status as a world leader in supporting free trade. If the U.S. were to miss the golden opportunity of the free trade agreement with Korea, it would undermine American leadership not only in Asia but also on the global stage.

Despite political controversies, there are no reasonable grounds to oppose the deal. Naysayers in America point to the automotive issue. Some politicians and unions say the deal unfairly favors Korean automakers while doing too little to open the Korean market to car imports from America.

The facts are different. The FTA has sufficiently addressed the concerns of the U.S. automobile industry over access to the Korean market. The FTA has stronger and more comprehensive provisions related to automobile taxes, tariffs, technical barriers and dispute settlement, than any other U.S. FTA. Job creation also contributes to fair trade. The truth is that a Hyundai car plant is employing 3,200 Americans in Alabama and supporting another 6,000 workers in parts manufacturing. And a new Kia car factory will recruit 2,500 more in Georgia this year with collateral job support for another 7,500 workers for parts manufacturing.

Some argue the original agreement should be reconsidered. This would be the wrong approach. Reopening the original deal for political reasons would trigger negative reactions and seriously jeopardize the deal itself. Instead, leaders on both sides must work to build a consensus based on the significant benefits of the deal as currently written.

Korean President Lee Myung-bak and President Obama are scheduled to confer again in Washington in mid-June. This summit, their second meeting, will be a touchstone for the destiny of the Korea-U.S. free trade agreement. Perhaps they can keep in mind an old Asian adage which translates as "small gains but big losses," referring to an unwise choice. Instead, we should opt for big gains and small losses.