

KOREA FREE TRADE AGREEMENT

A BAD DEAL FOR AMERICANS

The free trade agreement negotiated by the Bush administration with Korea is a bad deal for workers, farmers and ranchers in the United States. It is a one-sided deal that will allow Korea to keep its market closed to important U.S. industrial and agricultural products. At the same time, it gives Korea increased access to the U.S. market, thereby threatening the livelihoods of U.S. workers, farmers and ranchers.

Auto Provisions

The agreement immediately eliminates U.S. tariffs on most automotive products imported from Korea, and phases out over ten years the U.S. tariff on imported pickup trucks. This will result in a surge in automotive imports from Korea. The Korean government has projected that its already enormous \$11.6 billion auto trade surplus with the U.S. will **increase** by \$1 billion as a direct result of this agreement, and that Korea will begin to export pickup trucks to the U.S.

At the same time, the agreement includes no guarantees that Korea will dismantle its non-tariff barriers that have historically kept its market almost completely closed to U.S. built automotive products. The agreement simply contains more toothless promises. As in the past, Korea is likely to create new non-tariff barriers to keep out U.S. autos and auto parts.

The agreement totally ignores the bi-partisan Congressional proposal on autos.

Thus, the Korea free trade deal will exacerbate the U.S. auto trade deficit with Korea, and threaten automotive production and jobs in the United States. As a result, the UAW, Ford and DaimlerChrysler oppose the Korea trade deal.

Rice

Bowing to pressure from Korea, the agreement totally excludes rice. Thus, U.S. rice farmers will continue to be denied access to the Korean market.

As a result, the USA Rice Federation and U.S. Rice Producers Association have expressed deep disappointment in the Korea trade deal.

Beef

The agreement does not contain any guarantee that Korea will eliminate its ban on U.S. beef. It also allows Korea to retain its tariff on imported beef for a lengthy period of time.

The National Cattleman's Beef Association (NCBA) is withholding support for the agreement. Senator Baucus (D-MT) has stated that he will not allow the agreement to move forward so long as Korea continues to ban U.S. beef and does not allow commercially viable beef trade based on the internationally recognized guidelines.