

U.S., South Korea Seal Free Trade Deal

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SEOUL, KOREA (April 2, 2007) – The United States and South Korea signed the biggest U.S. free-trade accord in 15 years this morning, making history in international commerce and bringing the two countries closer together.



“This is a strong deal for America’s farmers and ranchers who will gain substantial new access to Korea’s large and prosperous market of 48 million people,” Deputy U.S. Trade Representative Karan Bhatia told reporters in Seoul today. “The free trade agreement we are announcing today is a historic accomplishment – it is agreement for the 21st century.”

Negotiations for the accord began in Washington, D.C., in June 2006. Both the U.S. and South Korea strongly advocated a deal, saying it would boost the economic growth in both countries even more.

According to Bloomberg reports, this agreement will get rid of duties on products like South Korean automobiles and clothing, along with cutting investment barriers for American insurers and financial companies. The U.S. will scrap tariffs on Korean cars with engines of three liters or less and on auto parts, Bhatia said, and will phase out duties on bigger engines within three years, on tires within five, and on pick-up trucks within 10.

In addition, South Korea will abolish its 40 percent tariff on U.S. beef over a period of 15 years, and the pork tariff over a period of 10 years, Trade Minister Kim Hyun Chong said at the briefing. However, South Korea would not budge on its most heavily protected product, rice. This is largely due to fears from South Korean farmers who are worried that eliminating protections for rice would destroy the industry.

American beef imports – missing from South Korean markets since bovine spongiform encephalopathy, also known as Mad Cow Disease, was discovered in American beef back in 2003 – was not an issue in the free trade talks. Despite this, Washington remained positive that a resolution to this problem lies on the horizon.

According to AP reports, Assistant U.S. Trade Representative Wendy Cutler – the chief U.S. negotiator for the accord talks – said an expected World Organization for Animal Health safety certification of U.S. beef next month will ease fears.

“When this classification comes out we look to [South] Korea to promptly reopen its market to American beef,” Cutler said.

The signing of this accord ended 10 long months of haggling. The accord was so complex – and the success of it so important – that negotiators extended the talks after missing a self-imposed deadline at the end of March. Negotiations were hectic during the last days, with negotiators holding marathon talks, sometimes all night, to finish the deal.

This pressure stemmed from the fact that the U.S. President must notify Congress that he plans to sign a trade agreement at least 90 days prior to July 1, when the President's special Trade Promotion Authority expires.

The talks were tense all around – even for those not associated with the talks. According to AP reports, a man set himself on fire Sunday to protest the negotiations, shouting 'Stop the Korea-U.S. FTA' as the flames consumed him. Police said the protestor is being treated for third-degree burns.

South Korean president Roh Moo-hyun acknowledged that there have been "many conflicts" within South Korea thanks to this free trade deal.

"Things will settle down after the striking of a deal today," Moo-hyun said. "[This is a] stepping stone for another economic leap forward in the nation's push to join the ranks of advanced countries."

The American market, however, is extremely positive about the deal, seeing the South Korean/American market merger as an opportunity to increase their economic ties with each other.

"For [South] Korea, this [accord] is not only the largest deal ever complete, but it also ensures Korean products will have preferential access in the U.S. market, the largest in the world, ahead of its competitors, most notably Japan and China," the American Chamber of Commerce in Korea said in a statement