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Mr. President, Enact This Trade Deal

Implementing the free-trade agreement with South Korea would be an easy stimulus for the U.S.

By WILLIAM R. RHODES

In his State of the Union address on Jan. 27, President Obama announced a new goal of doubling American exports over the next five years as part of his strategy for creating U.S. jobs. To achieve this goal, the president pledged to "seek new markets aggressively" and to strengthen the United States' trade relations in Asia with key partners, including South Korea.

The business community heard in the president's remarks a welcome signal that the White House views the U.S.-Korea Free Trade Agreement as part of the plan for U.S. economic recovery and job creation. There is no stronger action that President Obama and Congress could take to strengthen U.S. competitiveness in Asia—and to support new job growth through export creation—than implementation of this agreement at the earliest possible time.

Four years ago, the U.S. and Korea announced the launch of ambitious negotiations for a high-standard, high-quality free trade agreement between the two countries. Working to find solutions to some of the most complex and challenging issues in international trade, U.S. and Korean negotiators successfully forged a groundbreaking deal that established important new precedents for open markets and market access. The benefits of the U.S.-Korea FTA for U.S. workers, farmers and business of all sizes are well-established.



Associated Press

Lee Myung-bak (l.) and Barack Obama in Seoul, Nov. 2009.

The FTA is more than just a trade agreement, however. It has important implications for broader U.S. economic and geostrategic goals in Asia. Implementation of the agreement would advance economic reforms in Korea that, by spurring new growth in Korea's market, will create new opportunities for U.S. businesses there. It will also offer American companies and workers an edge in Korea's market at a time when Korea and other Asian countries are rapidly integrating their economies through bilateral trade agreements and cross-border investments of billions of dollars each year.

Korea is a close ally of the U.S. and an important partner in global issues of shared interest. In recent years, Korea has taken on a more active role in international leadership, including its strong support for multilateral peacekeeping efforts. This year Korea is chair of the G-20 and has used this opportunity to advocate open markets in the face of the global financial crisis. U.S. and Korean partnership will be essential to ensure that recommendations for the international financial system considered within the G-20 are consistent with open market principles. Korea's stewardship of the G-20 and ratification of the FTA only strengthen the argument for international coordination on global economic issues.

Yet nearly three years after the signing of the U.S.-Korea FTA, the agreement continues to await approval by Congress and Korea's National Assembly. Domestic politics in both countries have at various times played a part in slowing progress on the agreement, despite its great promise. Some U.S. stakeholders have voiced concerns that the agreement could leave certain sectors of the U.S. economy behind, and the Korean government has said it is ready to work with its U.S. counterparts to find solutions that address these issues.

However, the window of opportunity for the U.S. to take advantage of the job creation potential of the FTA with Korea is shrinking rapidly. An economic study released last fall by the U.S. Chamber of Commerce estimated that

nearly \$35 billion in U.S. exports would be lost, putting at risk 345,000 American jobs, if the U.S. does not implement the FTA while other countries move forward with their own trade agreements with Korea. The Korea-European Union FTA, which offers European companies many of the advantages their U.S. peers would enjoy under the U.S.-Korea deal, is expected to enter into effect later this year.

Unless the U.S.-Korea FTA is implemented, there is significant risk that U.S. workers and businesses will be increasingly shut out of the world's most important growing economic engine. Korea, China and Japan recently launched a joint research project to study a trilateral free trade agreement, and the major economies of Asia are discussing the creation of an East Asian economic block that does not include the U.S. Continued inaction on the U.S.-Korea FTA threatens to undermine U.S. credibility in Asia, and around the world, as a serious trade partner.

It is imperative in the current economic environment that we take every measure that will save and create new American jobs. The U.S.-Korea FTA will do this by increasing U.S. exports to one of its largest overseas markets, without raising the federal deficit. One of the most important steps President Obama can take to achieving his goal of doubling U.S. exports over the next five years is implementing the U.S.-Korea Free Trade Agreement as soon as possible.

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