

“Proposed Korea-U.S. trade deal is a bad deal for the United States”

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Multinationals and party leaders are pushing federal lawmakers to pass the Korea-U.S. trade agreement (KORUS). KORUS opens markets but it is weaker on trade law enforcement than the flawed North America Free Trade Agreement (NAFTA).

Americans need agreements that not only open global trade but also strengthen enforcement tools to stop foreign nations from rigging markets and cheating competitive Americans out of our fair share of business at home and abroad.

Genuine economic recovery requires net exports, not just more exports. KORUS will result in more imports than exports, leading to greater economic decline, not recovery.

Five Reasons why KORUS will hurt the United States (in reverse order)

■KORUS gives special legal privileges to multinational corporations.

KORUS expands bad NAFTA-style provisions that empower multinationals to bypass the U.S. government and go to unelected global tribunals comprised mostly of foreign officials to overturn good U.S. public policies that negatively affect corporate earnings. For example, though Americans have a right to know where their food comes from, foreign companies recently used the World Trade Organization (WTO) to strike down our law requiring “country of origin labeling” on food imports. These tribunals are also empowered to make U.S. taxpayers pay multi-million dollar awards to multinationals for their loss of potential earnings. Insane!

■KORUS does not level the playing field.

Several important enforcement tools typically included in trade agreements are omitted or weakened in KORUS. Though South Korea is a currency manipulator, KORUS does not rectify the trade disadvantage this creates for America. Nor does KORUS address South Korea’s tax rebate on exports that also gives their products an unfair advantage over ours.

WTO rules virtually legalize stealing from industries that appear able to absorb the loss by requiring that before one nation sanctions another for an unfair trade practice the affected industry must demonstrate significant harm. America loses lots of potential new jobs this way. A good trade deal would eliminate this loophole and allow nations to impose legal remedies based simply on proof of an illegal trade practice. KORUS fails here too.

South Korea’s unfair trade practices enabled Hyundai and Kia to take a giant share of U.S. car and electronics markets, similar to the way Japan did it. KORUS will enable Hyundai and Kia to take a big share of the U.S. truck market too, ending that sector’s recovery.

■KORUS is poorly negotiated for the U.S.

American producers need good trade agreements to access emerging global markets where the growing majority of consumers are. But not all trade deals are good. A well-negotiated trade

agreement will result in generally balanced trade and include provisions to make adjustments if a significant one-way imbalance persists.

But the U.S. is famous for entering into poorly negotiated trade deals like KORUS. It provides South Korean producers real access to our market but leaves in place many of the non-tariff barriers that keep most of our products out of South Korea.

South Korea is a protectionist nation, not a free trade nation. South Korean leaders will do what it takes to insure that, while Americans will certainly have increased access to their market, their exports to us will always exceed our exports to them.

■KORUS will lead to more U.S. imports at more unfairly low prices.

Import duties often result from enforcement actions to neutralize the illegal trade practices foreign competitors use to sell products here below their real market price. These “countervailing” duties simply adjust the price of the foreign product up to approximately what its true market price should be.

It is common for foreign competitors to evade legitimate duties by shipping their goods to the U.S. through nations that are not required to pay.

But KORUS requires only 35% of the value of South Korean exports to the U.S. to be produced in South Korea. This unusually low “domestic content” requirement virtually legalizes “transshipment,” encouraging producers in other nations to avoid legitimate U.S. duties by shipping to America through South Korea.

With KORUS, more food and manufactured goods from Asia will enter the U.S. at even more unfairly low prices. Banned Chinese beef will enter the U.S. this way - unlabeled. And though the U.S. has banned commerce with North Korea, unidentified North Korean imports will enter this way too.

■The number one reason to oppose KORUS – It will lead to a “bigger and badder” trade deal.

The problems with KORUS are extra critical because it is the template for the Trans-Pacific Partnership (TPP), a massive trade agreement already in the making among the nations around the Pacific Rim.

TPP will recklessly open U.S. markets to more imports from dozens of protectionist nations in Asia and South America. Most of these are state managed economies that practice predatory trade not free trade. More imports will flood the U.S.

Americans will not accept TPP all at once, so globalist leaders in Congress are proceeding step-by-step. KORUS is their next big step toward TPP.

The bottom line: The KORUS/TPP scheme will make it easier and more profitable for multinationals to offshore manufacturing jobs to Asia and South America and import finished goods back to the America. It will suck more wealth from the dwindling American middle class and concentrate it in the hands of the multinationals and international investors who benefit from these bad trade deals.

KORUS/TPP is like doubling business in a company that is losing money on every exchange; initially jobs and revenues grow but the ultimate result is bankruptcy and unemployment.

KORUS will create a debt-driven export bubble in the U.S. This bubble will collapse just like the subprime bubble, which enabled many businesses to create jobs and make lots of money before the bottom fell out. The economic pain for Americans is worse every time this happens.

KORUS/TPP will force America further into deficit, debt, and decline – like economic suicide by trade overdose.