

Michaud Statement On U.S. - Korea Free Trade Agreement

Thursday, April 17 2008

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"The House Trade Working Group continues to be vehemently opposed to the U.S.-Korea Free Trade Agreement. Our objections with the KORUS FTA go beyond the issues related to beef.

"This deeply flawed agreement is likely to exacerbate and accelerate the loss of good jobs in the U.S. manufacturing sector, especially in autos, apparel, and electronics.

"Unfortunately, the KORUS FTA would allow Korea to maintain a discriminatory tax structure and other non-tariff barriers, which will keep the Korean market closed to U.S. built automotive products and perpetuate our enormous auto trade imbalance.

"We already have a \$14 billion trade deficit with South Korea - almost \$12 billion of that in autos and auto parts. This deal will likely jeopardize tens of thousands of U.S. auto jobs, while failing to address the array of formal and informal barriers to the sale of U.S. automobiles in South Korea.

"Korea is the fifth largest producer and third largest exporter of vehicles in the world and automotive trade between the United States and Korea is totally one-sided. In 2006, Korea exported 554,000 vehicles to the United States. In contrast, the United States only was allowed to export about 4000 vehicles to Korea. As a result, the United States had a nearly \$12 billion auto trade deficit with Korea.

"The Korean government has announced that it expects Korea's automotive surplus with the U.S. to grow by \$1 billion per year as a result of this trade deal. This will translate into the loss of tens

of thousands of additional automotive jobs for American workers.

"In addition, the KORUS FTA's rules on procurement have the potential to restrict public policy aims that may be met through procurement policies at the federal and state level. These rules could be used to challenge a variety of important procurement provisions including domestic sourcing preferences, living wage laws and responsible contractor requirements.

"Furthermore, the investment provisions in the agreement could grant foreign investors greater rights than they would enjoy under our domestic law. The agreement's deeply flawed investor-to-state dispute resolution mechanism contains none of the controls that could limit abuse of this private right of action.

"I am absolutely opposed to the Korea Free Trade Agreement and will continue to be a vocal opponent of this pact. There is no 'deal' that could be struck that would get me to support a trade agreement so unfair to our workers."