

The New York Times
January 16, 2007, p. C8

World Business

With New Urgency, U.S. and South Korea Seek Free-Trade Deal



Ahn Young-joon/Associated Press

In Seoul, South Korean students protested the free-trade talks with the United States, while farmers and factory workers also planned marches.

By CHOE SANG-HUN

Published: January 16, 2007

SEOUL, [South Korea](#), Jan. 15 — United States and South Korean officials resumed free-trade talks Monday amid growing skepticism that the two governments can narrow their differences before President Bush's authority to move an agreement quickly through Congress expires.

Success would give Washington its biggest trade deal since the North American Free Trade Agreement a decade ago, while expanding market opportunities for exporters in both countries.

About 2,000 police officers in riot gear stood guard around the Shilla Hotel, where the negotiators met for a sixth round of talks since June. Thousands more were dispatched to parks in the city center, where farmers and factory workers planned large protest rallies. Nine lawmakers opposing the talks began a hunger strike in a tent pitched outside the hotel.

“We have made important progress to date, but we still have a lot of work to do,” said Wendy Cutler, an assistant trade representative and the lead negotiator for the United States. She said she was optimistic that a deal could be concluded before President Bush’s special trade negotiation powers, known as “fast track” authority, lapsed at the end of June.

Under the fast-track mechanism, President Bush can submit an agreement deal to Congress for a straight yes-or-no vote. An agreement would have to go to Washington by the end of March because lawmakers would need to review it before a vote. After President Bush’s authority expires, however, the Congress — now controlled by the [Democrats](#) — can place amendments on the trade deal, crippling its chances of speedy ratification.

Thomas Kim, executive director of the Korea Policy Institute, said: “I don’t think it’s going to happen. There are too many major concessions that would have to be made on both sides, and too many unknown political variables.”

The talks stalled over United States requests for greater access for American cars, rice and drugs, and over South Korea’s demand that Washington change antidumping rules applied to South Korean steel, cars, computer chips and textiles. Seoul also wants goods produced by South Korean factories in North Korea included in the agreement.

“The more important question probably isn’t whether they’ll make the deadline,” Mr. Kim said, but whether a trade agreement will be reached at all, “and if not, how long will it be before the two governments try again.”

If signed, a free-trade deal would add a measure of success to Mr. Bush’s embattled presidency, said Usha Haley, professor of international business and director of the Global Business Center at the University of New Haven. A deal with South Korea is central to Washington’s strategy of stemming the loss of economic influence in Asia to China.

For South Korea, a deal would mean bigger access for its products in its second-largest export market after China. By exposing the South Korean economy to United States rivals, it would also serve as a catalyst for economic reforms, South Korean officials said.

South Korea is the United States’ seventh-largest trading partner, with bilateral trade topping \$74 billion a year. An accord could lift American exports to South Korea by \$19 billion, while Korean exporters could expect an additional \$10 billion in sales in the United States, according to the United States International Trade Commission.

“President Roh Moo-hyun is now entering his final year in office and wants an agreement and its economic benefits to become the legacy of his otherwise disappointing presidency,” Ms. Haley said. “Growth is now a very scarce commodity, so the government needs to secure future growth opportunities for the economy. But his unpopularity is also weighing on the trade deal.”

Farmers, labor unions and movie workers, all important segments of support for Mr. Roh’s liberal Uri Party, have protested the prospect of a trade deal.