



## Korean Trade Issues Divide Mainers

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Reported By: Susan Sharon

**Now that Congress has ended the stalemate over raising the debt ceiling one of the next big battles looming in Washington is likely to be over pending trade agreements with South Korea, Columbia and Panama. Over the past few months the Korean ambassador along with the U.S. Chamber of Commerce, has been criss-crossing the country in support of the US-Korea Trade Agreement. Recently, they paid a visit to Maine where exports to Korea are on the rise but where there is skepticism and opposition from members of the state's congressional delegation about the possible effect on jobs.**

According to the Maine International Trade Center, Korea is Maine's fifth largest trading partner. Last year Maine exported \$100 million worth of goods to the country, mostly electronic products, computers, semi-conductors and some lobsters. Korean Ambassador Han Duk-soo, who recently came to Maine to meet with state and local business leaders, said overall tariffs on Maine's exported manufactured products are about 8%. On lobsters it's more like 20%. But under the US-Korea Trade Agreement, known as KORUS, those tariffs will be phased out and the ambassador said that could benefit Maine's lobster industry.

"If this agreement is put into effect every year four percent of tariff will be gone for lobster," said Duk-soo. "Now, about 80 percent of lobsters are coming from Canada to Korea so definitely I think Maine lobster can be more competitive."

Janine Bisailon-Cary of the Maine International Trade Center said more than a million dollars' worth of Maine lobsters were sold to Korea last year and the Korean appetite for seafood is only going up. And so, she said, are Maine exports to South Korea in general.

"This year we're up again, at least through May, by about 48% in terms of our exports to South Korea," said Bisailon-Cary. "So it's becoming a more and more significant market."

Of all the pending trade agreements, Bisailon-Cary said the KORUS is probably the most important for Maine. She said the state's pulp and paper industry could be helped through the relaxation of some duties and so could food and agricultural products. Korean Ambassador Han Duk-Soo said that currently there is a 52% tariff on agricultural products. But once those are eliminated he says Korean consumers will also be better off.

"What Korean economy will gain will be the great improvements in consumers benefits with imports of lower-priced and higher quality American products including agricultural products. That's the immediate impact on Korea," Duk-soo said. "That's good for Korea."

Han Duk-Soo is convinced that the elimination and relaxation of certain tariffs will increase exports by the United States and create 70,000 new jobs. Even the nation's automakers, originally skeptical of the first KORUS completed in 2007, have recently come on board after some improvements were made to the agreement. So has the Union of Autoworkers, something Tami Overby of the U.S. Chamber of Commerce said is unprecedented.

"So we have an agreement with the world's 15th largest economy, America's seventh-largest trade partner and we have unprecedented support from the business community, from a large portion of the labor community," said Overby. "We need to act now."

"The AFL-CIO is very opposed to the Korea Free Trade Agreement along with the other pending NAFTA-style trade deals, which are currently moving their way through Congress," said Sara Bigney of the Maine AFL-CIO. Her organization remains skeptical of anything resembling the North American Free Trade Agreement.

"Maine has seen the impact of NAFTA and these trade agreements are the exact same model which will lead to job loss and also a lot of problems for other sectors of the economy: small farmers as well as a lot of environmental problems that come with it" said Bigney. "So we're very opposed to these trade deals."

So is Democratic Congressman Mike Michaud from Maine's second district. A former paper mill worker, Michaud said NAFTA has cost Maine about 40% of its manufacturing base. And he said despite all the hype about exports to Korea, there's another factor to consider: "all you hear the administration talk about is 'Well, we're gonna increase

exports," said Michaud. "But what they're not telling you is we're gonna be increasing imports greater than we're gonna be exporting."

Michaud, who is co-founder and chair of the House Trade Working Group Congress, also disagreed with the Obama Administration and other supporters who say the Korea trade pact will create tens of thousands of jobs. Instead he points to a report from the non-partisan Economic Policy Institute.

"They said that actually the United States will lose up to 159-thousand jobs as well as increase our deficit with Korea another \$16.7 billion dollars," Michaud said. "When you combine that with the fact that actually Treasury did a report earlier that Korea actually manipulates its currency it definitely would put us at a competitive disadvantage."

Korean Ambassador Han Duk-Soo said the Economic Policy Institute's report is based on flawed data from trading partners such as Mexico that have nothing in common with Korea. But both Democratic Congresswoman Chellie Pingree and Republican Senator Olympia Snowe have expressed reservations about the trade pact.

Pingree said, "it does not properly address currency manipulation, legal disputes or fair labor standards."

And Snowe said she'll withhold her support until the U.S. government, "demonstrates a commitment to enforcing existing trade rules and holding violators accountable."

Republican Senator Susan Collins said she is still evaluating the agreement and hasn't yet made up her mind. Congress is expected to take up the issue next month.