

KORUS – Another NAFTA-Like Trade Deal is Pending If Congress Ratifies This Trade Pact, More U.S. Jobs Will Be Offshored

To even consider this disastrous proposed trade agreement is to contemplate economic suicide.

The KORUS FTA (Korean-U.S Free Trade Agreement) is the biggest free trade pact since NAFTA. If Congress ratifies this agreement, it will ease ratification of the Colombia and Panama FTA and a NAFTA-Like Trans-Pacific Partnership. Americans must not allow Congress to enact this disastrous trade agreement!

America's recent trade history with South Korea is distinguished by its many serious problems. In 2007, for instance, the U.S. sold 7,000 American vehicles in South Korea, or less than one percent of the entire market. South Korean automakers, on the other hand, sold 615,000 vehicles in the U.S. that same year. In the first 10 months of 2010, South Korean auto exports to America totaled \$7.41 billion. U.S. auto exports to Korea, on the other hand, totaled just \$536 million in the same period – just 7 percent. That is a difference of over \$6.8 billion. How would we run anything but a trade deficit with those numbers?

Even worse, the South Korean government audits the taxes of its citizens who buy an American car. Which Korean would buy a car knowing that it would mean the government would scrutinize their finances? Discriminatory tax audits are the most powerful non-tariff barrier stopping Koreans from buying American cars.

Here is why Congressional ratification of KORUS will be disastrous for America:

1. It will dramatically export more jobs and increase our trade deficit.

We are being promised that KORUS will create more American exports, but in reality it will only export American jobs. According to the widely respected Economic Policy Institute, in the first seven years of the agreement, KORUS could cost as many as 159,000 American jobs and increase our annual trade deficit by \$16.7 billion. President Barack Obama has promised that this deal would create 70,000 low-paying in-sourced jobs (Americans working for foreign employers). That would amount to less than half of the high-paying jobs America would lose. As more foreign products enter our country than we export, our trade deficit will continue to rise at a cost of 14,000 jobs for each \$1 billion of additional net trade deficit.

2. Korea will gain unhindered liberties to change U.S. law.

Under this agreement's dispute settlement regime, Korean corporations can challenge any U.S. law that they view as limiting their market access and profitability. **Korea can even challenge U.S. prevailing wage laws.** This oversteps the ideals and principals of our Constitution. Our leaders are now turning over too much control of our country to foreign entities. This should be illegal as it undermines everything our founding fathers – and every patriot since then – has fought and died for.

3. The U.S. government will lose the ability to regulate the American banking industry.

Because the U.S. negotiated this trade deal before the financial collapse of 2008, it contains all sorts of Wall Street financial services provisions, including; bans on regulations limiting the size of banks and insurance companies, prohibitions against barring the sale of risky derivatives and limits on capital controls. The Wall Street greed that caused the failed derivatives market and allowed banks to create a housing bubble is once again given free rein in KORUS. The financial provisions in this draft legislation supersede any other regulations we put in place to protect ourselves from Wall Street greed. These banking deregulations alone can devastate our economy.

4. KORUS will allow foreign monopolies to take over U.S. industries.

The agreement will effectively nullify U.S. laws and regulations that restrict economic monopolies. This pact will make preventing foreign takeovers impossible. With our open stock markets, not only will South Korean companies have access to buy us out with the money they stock pile from our balance of trade deficit, but they will be able to buy whole industries – and we will be financially and legally helpless to stop them.

5. Korea will be able to in-source low-wage jobs to the U.S., but American companies will NOT get the same access to South Korea.

KORUS has terms that grant extreme rights for foreign investors within the U.S. that would allow them to play by very different rules. The scope of what can be challenged in the U.S. is extremely broad. This means that while South Korean companies will be able to come here and do practically whatever they like, American companies will not be able to do the same in Korea's state run system. It is the height of stupidity to even consider this!

6. More contaminated food will legally enter the U.S. - and we won't be able to stop it.

Korea would be allowed to challenge our regulatory agencies, including being able to limit our ability to regulate the quality of food imports. Currently, less than 2 percent of imported food is inspected as it enters the U.S. - KORUS will let put limits on our ability to check food imports, restricting our already low inspection abilities. We will totally lose our ability to protect ourselves from contaminated or toxic food.

7. "Buy American" food support will become illegal.

"Buy Local Food" initiatives are important to economic development in the U.S., but implementing those initiatives could be challenged by Korean producers as a non-tariff barrier to trade.

8. South Korea will still use barriers that the U.S. does not.

South Korea has a value-added tax (VAT) of 10 percent which under this pact will allow that government to provide a 10 percent VAT rebate on all exports and impose a 10 percent VAT on all imports. The failure of this pact to address the VAT "effect" allows the Koreans to subsidize exports to the U.S. and impose a tax on imports from America.

9. U.S. taxpayers will be liable to South Korean companies for lost profits.

Korean companies will have the right to sue the United States for lost profits if the U.S. losses a case at the NAFTA-type dispute settlement mechanism established in this pact.

This is another "free trade" agreement that will take away America's right to do what is in the best interest of our country. Recent U.S. trade agreements give foreign companies unrestricted access to the American economy. These pacts eliminate duties and tariffs that protect our fledgling and older industries. South Korea has a population of 48 million people, while the U.S. has a population of more than 300 million. Under the conditions of this "free trade" pact it would not be possible to accumulate anything other than a massive trade imbalance with South Korea. KORUS will only hasten our demise.

Signing a trade deal with South Korea will NOT make things better for the U.S. Americans must start asking the important questions – namely, **why are our leaders signing these deals?** Ratifying a deal like this one can only mean our leaders do not understand what they are doing or are deliberately working for the best interests of multinational corporations, special interest groups and foreign powers at the expense of the American people. **If this deal is passed, it could be the final nail in the U.S. economy's coffin.**

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