

The Korea-U.S. Free Trade Agreement

A Bad Deal for Working People and the Environment at Home and Abroad



On Thursday, November 3rd, police attacked anti-FTA protesters at the Korean Parliament with water cannons. Thousands were amassed to stop a vote that will hurt people in both South Korean and the US.

On October 12th, Congress voted to pass the Korea-US Free Trade Agreement (KORUS FTA), the largest free trade agreement since NAFTA. On the morning of November 22nd, the agreement was ratified in Korean despite widespread public opposition. KORUS FTA threatens the economy, the environment and

human rights both at home and abroad.

The Korea FTA Will Further Damage the Global Economy

Just like with NAFTA, proponents of the Korea FTA claim it will increase exports and create jobs. But even the U.S. International Trade Commission, a federal agency that has often over-estimated the benefits of potential trade agreements, predicts that this pact will increase the U.S. global trade deficit — meaning that the U.S. will lose more jobs than it creates as a result of this deal.

The Economic Policy Institute, a labor-backed think tank, predicts that the Korea FTA will double the U.S. trade deficit with South Korea to nearly \$27 billion and cost the U.S. a net 159,000 jobs within just 7 years of the deal taking effect. The jobs most likely to be created would be in low-wage agricultural industries, while the jobs expected to be lost would be in much higher-wage manufacturing and electronics.

The extremely low 35% “rule of origin” in the proposed agreement ensures that transnational corporations taking advantage of the new FTA could make most of the components in products they ship tariff-free under the deal in third-party countries like China, Vietnam and Mexico — contributing to further offshoring in both the U.S. and South Korea.

The Korea FTA even includes financial services provisions demanded by Wall Street that handcuff the U.S. and Korean governments’ ability to regulate banks and insurance

companies, and prevents regulators from instituting commonsense capital controls designed to prevent the spread of financial crises.

The Korea FTA Will Further Harm the Environment

The Korea FTA contains the same NAFTA-based provisions that allow foreign investors to use undemocratic tribunals to challenge virtually any law, regulation or even court decision that adversely affects their profit-making potential. Environmental, land use and food safety policies are among the public interest policies most at risk.

The Korean government already granted waivers on its auto emissions regulations to reach a deal on the proposed FTA, and is currently being pressured to further weaken its beef safety standards. The proposed FTA would allow U.S. transnational corporations to challenge more of South Korea’s laws at their own discretion, even if opposed by the U.S. government.

The proposed FTA would also allow Korean corporations operating in the U.S. to attack American public interest rules in a process that circumvents the U.S. judicial system. Unlike most developing nations, South Korea is a capital-exporting nation with significant investments throughout the U.S., making this particular deal far riskier than many previous FTAs. If passed, the Korea FTA could even take precedent over future policies designed to combat global warming.

The Korea FTA Shows Complete Disregard for Human Rights

The Korea FTA specifically dictates that the agreement cannot be used to enforce the International Labor Organization Conventions, which protect basic rights for workers. This is a reversal of a campaign pledge made by President Obama, in which he said he would require future trade agreements to include ILO Conventions.

The Korea FTA also includes an annex that could allow goods made by sweatshop workers in North Korea to enter the United States. South Korean corporations have already set up massive “maquiladora”-style plants just miles across the border in North Korea and are eager to ship products assembled there to the U.S.

The Korea FTA Is Opposed by People in Both Countries

Labor, environmental and human rights groups in both the U.S. and South Korea are strongly opposed to the Korea-U.S. Free Trade Agreement. The Korea Confederation of Trade Unions, the AFL-CIO and Change to Win released a joint statement saying that the FTA “is based on an economic model that has privileged investor rights over workers’ rights, public services and the environment. It is clear that this model will ... provoke a ‘race to the bottom’ on working standards in both countries, resulting in the deterioration of wages and working conditions.”

What You Can Do

Find out how your Congressman and Senators voted on the Korea-US at <http://tradejustice.net/koreavote>. Call them to thank them if they voted against the Korea-US FTA and to express your disappointment if they voted for it.

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