

WHAT'S WRONG WITH THE KOREA-US FREE TRADE AGREEMENT BY THE KOREAN AMERICANS FOR FAIR TRADE (WWW.KAFT.ORG)

The Korea-U.S. Free Trade Agreement (Korus FTA) was negotiated in an anti-democratic manner and threatens to reduce living standards, deepen inequality and harm the environment throughout the United States and South Korea. The Korean Americans for Fair Trade (KAFT) strongly opposes this unsound trade pact and will urge members of Congress to advocate for a more honest vision for international trade that respects the principles of mutual benefit, democratic rights, and progress towards equality.

The Korus FTA will be the largest free trade agreement since NAFTA—yet it has received little media attention in the United States, almost no public debate, and was negotiated under policymaking procedures that have exempted it from full Congressional oversight.

In South Korea, the proposed FTA has been met with massive popular resistance, including large-scale street demonstrations, hunger strikes and even self-immolation (ritual suicide). The South Korean government banned protests against the FTA, issued summons and warrants for over 170 social movement leaders, raided the offices of civic groups and detained the leaders of 19 separate farmers' and workers' rights organizations, used batons and water cannons against protestors, and blocked TV ads from filmmakers and peasants opposing the FTA from being aired. This is hardly indicative of the type of democratic processes the United States should be encouraging in international trade negotiations.

The predictable result of this dishonest policymaking is an FTA that threatens to worsen, rather than improve, the quality of life for both Americans and Koreans in a number of ways:

Accelerated Job Loss:

- NAFTA has led to more than 1 million jobs lost in the United States.
- Due to the flight of manufacturing industries and rise of low-paid service industries in the US, American workers are working longer hours than ever without livable wages, job security, and adequate labor protection. Since 1973, the average American worker's wages have grown by just five cents an hour in inflation-adjusted terms, even as productivity has skyrocketed.
- NAFTA and the WTO have made it difficult for workers to bargain for higher wages: 62 percent of U.S. union drives have faced employer threats to move factories abroad. As a result, documented and undocumented, skilled and unskilled workers are subjected to greater exploitation and abuse at their workplace (un/underpayment of wages, physical and verbal abuse, intimidation).
- In Korea, since the 1997 Asian financial crisis, corporate conglomerates (chaebols) increasingly hire "irregular" workers, now over 50% of Korea's workforce, who lack basic labor rights.
- The Korus FTA will further deepen all of these crises.

Environmental Degradation:

- The Bush administration pressured South Korea to weaken its auto emission standards as a prerequisite to negotiating, and has now locked those weaker standards into the FTA itself.
- Trade negotiators treated Korea's emissions standard as a "technical barrier to trade" (TBT) rather than as a public health and environmental policy that clearly serves legitimate non-commercial objectives.

Special Rights for Foreign Corporations:

- Repeating the mistakes of NAFTA and CAFTA, the investment chapter in the Korus FTA expands the ability of foreign investors to bring challenges to U.S. laws and regulations designed to protect the environment, public health and workers' rights. The challenges would be brought in international tribunals, and can result in unlimited fines that must be paid by American and Korean taxpayers unless the offending policies are changed.
- Going beyond NAFTA and CAFTA, the Korus FTA declares all contract rights as property interests subject to extrajudicial investor-to-state challenges. Furthermore, there is an increased likelihood of challenges to U.S. law by large corporations from Korea, which has a substantially more advanced and consolidated corporate sector than Central America or Mexico.

Reduced Access to Medicine and Threats to Public Health:

- The Korus FTA limits the South Korean government's ability to purchase low-cost, generic drugs by extending the length of drug patents and data exclusivity. This threatens to drive up the costs of South Korea's National Health Insurance program, reducing its effectiveness in providing quality health care to all its citizens.
- When drug patents to pharmaceutical companies were extended from 17 years to 20 years under the WTO Trade Related Intellectual Property provisions (TRIPS), the U.S. government was forced to pay an additional \$1.5 billion in Medicare and Medicaid costs for drugs, and U.S. consumers have had to pay an additional \$6 billion dollars in higher drug prices. Further expanding intellectual property provisions in the Korus FTA increasingly entangles the U.S. in a network of international obligations that are raising the cost of medicines here in America too.
- The Korus FTA will eliminate Korea's 40% tariff on tobacco and tobacco products, which will drive down the cost of cigarettes, and result in increased death rates from lung cancer.
- When Korea reduced tariffs on foreign cigarettes, According to the Center for Policy Analysis on Trade and Health, in one year alone (1988), smoking rates among teenage boys rose from 18% to 30%, and among teenage girls from 2% to 9%.

Additional Agricultural Dumping:

- Even with rice excluded from the Korea FTA, tens of thousands of Korean farmers are expected to lose their livelihoods as a result of increased import of subsidized agricultural products under the Korea FTA. While the deal will likely benefit a handful of transnational agribusiness giants, there is little to suggest it will help America's family farmers.
- During the NAFTA-WTO period, over 226,000 U.S. small farms went into bankruptcy.
- Free Trade should empower consumers to make better and more informed choices, instead of handicapping their ability to know what they're putting into their bodies. The Korus FTA will strip South Koreans of that right by violating the multilateral Cartagena Protocol on Biosafety, which regulates the transboundary movement of genetically modified organisms (GMOs). This side agreement waives processed U.S. foods from being covered by South Korea's mandatory labeling of GMOs. Issues today surrounding GMOs are hotly debated ranging from environmental quality risk (the contamination of genetic diversity) to human health risks (allergens) to intellectual property and consolidation of ownership of patented varieties (who owns seeds).

Korus FTA should not be considered at all under "fast-track"

- This FTA will be considered in the United States under Fast Track policymaking rules that eliminate Congressional committee review, amendment and debate procedures.
- The text of the FTA was released almost two months after the USTR "finished" negotiations
- Congress will not have the opportunity to undergo the mandated 90-day review period before fast-track expires at the end of June.
- The USTR is demanding that Korea reopen negotiations
- There are no guarantees from the May 10th deal the Democratic leadership struck with the Bush administration that labor and environmental standards will be enforceable in international courts. Not one labor union, environmental or public interest organization is supporting this deal.

The Bush Administration must be held accountable to Congress and Congress to the people. There must be an open and democratic discussion of free trade agreements in the affected nations, and enforceable labor, human rights, and environmental standards must be included in the core text of each agreement. Please do all in your power to stop the Korea-U.S. Free Trade Agreement from being approved by Congress, and prevent the reauthorization of Fast Track trade negotiating authority (TPA). The current free trade regime has only produced more inequality within the U.S. and globally, and unless our government is prepared to implement policies such as universal healthcare, living wages, and a more progressive tax system in order to slow the pace of inequality, the American people cannot afford to pay the social and economic costs of any more free trade agreements. The United States can negotiate better, fairer trade agreements using processes that are more keeping with our democratic values.