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NEWS - Economy

No deal yet in US-South Korea trade talks

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Reuters

WASHINGTON - Top US and South Korean trade officials finished talks in San Francisco without announcing a deal on beef and auto trade issues that have blocked US approval of a free trade pact.

"United States Trade Representative Ron Kirk and Korean Trade Minister Kim Jong-hoon have concluded their meeting to discuss the US-Korea trade agreement," USTR spokeswoman Carol Guthrie said in a brief statement.

The two trade officials are working to resolve the beef and auto issues before US President Barack Obama arrives in Seoul on November 10 for the Group of 20 nations summit meeting.

The United States and South Korea signed the pact in 2007 but it has languished in the face of strong opposition from Mr Obama's fellow Democrats in Congress.

It was negotiated during the Republican administration of George W. Bush.

Ms Guthrie said Mr Kirk and Mr Kim would meet again before the G20 meeting "at a time and venue to be determined."

Mr Obama criticized the agreement when he was running for president in 2008, but since he took office has often said that he wants to fix problems with the pact.

He and Mr Lee set the G20 deadline for resolving differences when they met in June.

Those mainly reflect concerns US automakers Ford and Chrysler have about the agreement, and lingering restrictions on US beef imports in the aftermath of several cases of mad cow disease found in the United States years ago.

Ms Guthrie declined to say whether Mr Kirk and his team offered South Korea any proposals for resolving the concerns. But auto industry officials indicated they had.

"Fully and irreversibly opening the Korean market to the export of American-made vehicles is a non-negotiable demand," president of the American Automotive Policy Council Steve Collins said in a statement.

"We call on the Korean government to agree to the US proposals to achieve that simple test."

South Korea exports more than 600,000 cars annually to the United States, but imports less than 10,000 American cars.

Ford and Chrysler complain the pact fails to tear down regulatory and other hidden barriers it says have caused the huge imbalance in auto trade.

General Motors, which is the principal owner of GM Daewoo in South Korea, has been neutral on the pact.

Many expect a deal will only be reached at the last minute, and say a failure to do that would be a blow to Mr Obama's standing in the region and an ominous sign for other US trade ventures, ranging from a proposed Asia-Pacific trade pact to the Doha round of world trade talks.

"I think to any reasonable eye, the existing agreement is sufficient. So for the US to walk away now from this agreement because of nit-picking over beef and autos would undermine Mr Obama's credibility," director of trade policy studies at the Cato Institute Dan Griswold said.

The pact does much to level the playing field for US automakers in South Korea, but can't be expected to change the fact American consumers prefer South Korean cars more than South Korean consumers like American cars, he said.

Still, there are things the two countries could do to improve the transparency of Korean regulatory policies that US automakers complain have made it difficult for them to penetrate the market, senior fellow at the Peterson Institute for Economics Jeffrey Schott said.

They could also look at auto provisions of South Korea's recently signed free trade agreement with the European Union to see if there are ideas they can borrow, he said.

The beef issue could be easier to solve since South Korea has already reopened most of its market.

Also, South Korea is close to signing a free trade pact with Australia that will hurt the competitive position of US beef producers if the US deal is not ratified, Mr Schott said.