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Contrary to Obama’s Claim, the Three U.S. Free Trade Agreements Passed a Year Ago Today Have not Boosted U.S. Exports

U.S. Exports to Korea Are Down While Imports From Korea and Colombia Have Surged, Expanding Job-Killing U.S. Trade Deficit; Panama Deal not Even in Effect

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WASHINGTON, D.C. – Contrary to President Barack Obama’s claim in last week’s presidential debate that passage last year of free trade deals with Korea, Panama and Colombia have expanded U.S. exports, U.S. exports to Korea have declined, imports from Korea and Colombia have surged, and the Panama deal has not even gone into effect, Public Citizen said today on the anniversary of the deals’ passage.

During the first presidential debate on Oct. 3, Obama boasted that the three trade deals, which he supported despite overwhelming opposition from congressional Democrats, “are helping us to double our exports and sell more American products around the world.” Republican nominee Mitt Romney, meanwhile, named further expansion of such trade pacts as the second pillar of his U.S. jobs creation plan. However, yet another month of Department of Commerce trade data, released Thursday, supports the views of a majority of Americans who see these deals as destroying – rather than creating – U.S. jobs.

“Corporate donors to both political parties love these deals because they provide new investor protections to offshore jobs and rights to import products that do not meet our safety standards,” said Lori Wallach, director of Public Citizen’s Global Trade Watch. “But, as the government trade data again show, the actual outcomes prove that the majorities of independents, Democrats and Republicans who think that these deals hurt their families – and the country – have it right.”

Obama’s claim – that the three trade deals are boosting exports – does not survive a basic fact

check. The Panama deal has not even taken effect. Since implementation of the Korea Free Trade Agreement (FTA), U.S. goods exports to Korea have declined by nine percent (a decrease of more than \$1.2 billion) in comparison to 2011 levels for the same months, while exports to Colombia since implementation of the Colombia FTA have barely increased (by \$358 million). Under the FTAs, the United States has suffered a six percent fall in combined exports to the two new U.S. FTA partners.

Meanwhile, imports from both Korea and Colombia have risen substantially since implementation of the pacts. As a result, the combined U.S. trade deficit with Korea and Colombia under the deals has jumped 29 percent above the 2011 levels for the same months. Using the same ratio employed by the Obama administration, this trade deficit expansion implies the net loss of more than 15,000 U.S. jobs in just the first few months of the new trade deals.

“In a presidential campaign dominated by the urgent agenda of job creation, it is a sorry statement about the domination of corporate money in American elections that both presidential candidates would tout NAFTA-style deals that most Americans oppose and that already have begun to cost more American jobs,” said Wallach. “Polls show that opposition to these NAFTA-style deals is one of the only issues uniting Democratic, Republican and independent voters in an otherwise extremely polarized electorate. Public Citizen will continue to track the damage of these pacts as we push for a new trade agreement model that actually creates American jobs and does not threaten our environmental, health and safety policies.”

Two-thirds of Democrats in the U.S. House of Representatives opposed the Korea FTA, and 82 percent opposed the Colombia FTA – the largest percentages to ever vote against a Democratic president on trade pacts. The Obama administration promised a concrete benefit for each of the pacts on the date of their passage: “greater U.S. access to the Korean auto market, significantly increased labor rights and worker protections in Colombia, and enhanced tax transparency and labor rights in Panama.”

But the facts show otherwise:

- **U.S. Auto Exports to Korea Down:** According to additional data released today, U.S. automotive exports to Korea have dropped by \$26 million, a seven percent decline, since implementation of the pact, as compared to 2011 levels for the same months. Meanwhile, in the months that the Korea FTA has been in effect, imports of cars and auto parts from Korea have soared \$1.8 billion above 2011 levels for the same time period – a 25 percent increase. The U.S. trade deficit with Korea in autos and auto parts has already climbed to \$7.9 billion in five months under the Korea FTA – a \$1.9 billion, or 28 percent, increase over 2011 levels for the same period.

- **Unionist Assassinations in Colombia Up:** A year after passage of the Colombia FTA and 18 months after the Obama administration announced a Labor Action Plan with Colombia to improve Colombia's labor protections, Colombia remains the world's deadliest place to be a union member. In 2011, four of every 10 unionist murders in the world occurred in Colombia, with 29 slain. This year, a reported 35 Colombian unionists already have been assassinated, more than in all of 2011, the year the Labor Action Plan was announced. Sadly, Colombian unions and human rights organizations predicted on-the-ground realities would not change, denouncing the action plan as a series of cosmetic changes. Since implementation of the FTA, imports from Colombia have increased by nine percent relative to the same period in 2011.

- **Panama Tax Haven Status Continues:** To counter criticism that the Panama FTA would assist corporations seeking to dodge U.S. taxes via secretive Panama-based subsidiaries and bank accounts, the Obama administration announced implementation of a Tax Information Exchange Agreement with Panama. However, a large loophole in that agreement allows Panama to sidestep new tax transparency provisions if they are "contrary to the public policy" of Panama, a country that earns much of its revenue by providing strict banking secrecy and tax-free status for foreign firms incorporated there. In June 2012, the Organization for Economic Cooperation and Development, which tracks countries' tax haven statuses, reported that Panama remains one of a handful of countries in the world that has not passed a first-stage review of its tax transparency measures, due to nearly unparalleled nonconformity on six of nine regulatory checks against tax evasion. Even the Cayman Islands did not earn that dubious distinction. Despite the lack of progress, the Obama administration has indicated its desire to implement the Panama FTA "very soon."

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