



U.S. Business and Industry Council

Fighting for American companies
Fighting for American jobs

Domestic Manufacturers Oppose Korea Trade Agreement as Ineffective in Opening Korea Market

Contact: Kevin L. Kearns, President, USBIC, (o) 202 266 3980, (c) 202 957 9994

USBIC's Kearns: "Congressional passage of the Korea deal will do little to expand U.S. exports. Instead it will further open the floodgates for imports from Korea, destroy invaluable U.S. factory jobs, and greatly increase America's already astronomical trade deficits and dangerously high debts."

WASHINGTON, D.C. , December 6 – The 2,000 domestic manufacturing companies represented by the U.S. Business and Industry Council today condemned the new Korea-U.S. trade agreement as a repeat of America's disastrous trade policy mistakes and urged Congress to reject the deal.

The deal must be defeated, the Council emphasized, not because of specific flawed provisions. Rather, it explained, history clearly teaches that mutually beneficial U.S. trade with fundamentally protectionist countries like Korea is simply not possible.

Said Council President Kevin L. Kearns, "The main Korean barriers and subsidies that steal growth and jobs from the United States -- like those maintained by China, Japan, and Germany, are secretly formulated, informally implemented, and constantly changing. America's huge, longstanding trade deficits with these countries show that these are exactly the kinds of measures that conventional trade deals like the Korea agreement can't eliminate, or even meaningfully reduce."

As a result, Kearns warned, "Congressional passage of the Korea deal will do little to expand U.S. exports. Instead it will further open the floodgates for imports from Korea, destroy invaluable U.S. factory jobs, and greatly increase America's already astronomical trade deficits and dangerously high debts."

Kearns continued, "Korea's barriers and subsidies are so extensive and intertwined that they make up a complete national system of protectionism. American businessmen and officials have long struggled just to identify its main features, but have been powerless to neutralize them. As a result, Washington's Korea trade strategy, which focuses on banning or curbing specific Korean predatory practices, is far too piecemeal and too static to succeed."

Kearns argued that instead of "wasting the country's time" trying to jumpstart U.S. recovery by opening hermetically sealed economies like Korea's, the Obama administration should focus on the far more realistic goal of massively substituting domestically produced goods and services for current imports from Korea and elsewhere.

"Large segments of the domestic U.S. market are ripe for recapturing from foreign competitors," he noted. "They represent hundreds of billions of dollars of demand that should be filled by American

businesses and their employees. Isn't it more sensible to focus on re-acquiring markets literally in our own backyard rather than attempting to penetrate foreign markets with scant interest in Buying American?"

Prominent features of a new, America-centric approach to trade policy include:

- Immediate Senate passage and White House signing of the House Ways and Means currency manipulation bill, which broadens Washington's authority to combat an especially widespread and predatory foreign trade policy pursued by China and numerous other American competitors;
- Implementation of an emergency surcharge on goods and services entering the country -- like the one President Nixon and Treasury Secretary Connally put in place in 1971 to curb unfair foreign currency and trade practices. (It worked, at least temporarily.)
- Expansion of Buy American requirements to cover all government procurement in America, including at the state and local levels; and
- Enactment into law of a border adjustment tax to counter the discriminatory effects of foreign value-added tax systems, in particular their export rebates.