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As Korean President Arrives in Washington, First Year of Korea Free Trade Agreement Data Released; U.S. Exports Down, Trade Deficit with Korea Up, Contradicting Obama Promises of U.S. Export and Job Growth

After First Year of U.S.-Korea FTA, U.S. Exports to Korea Down 10 Percent, Imports from Korea Up and Deficit With Korea Swells 37 Percent

WASHINGTON, D.C. – Just-released government trade data, covering the first year of implementation of the U.S.-Korea Free Trade Agreement (FTA), shows a remarkable decline in U.S. exports to Korea and a rise in imports from Korea, provoking a dramatic trade deficit increase that defies the Obama administration’s promises that the pact would expand U.S. exports and create U.S. jobs, Public Citizen said today.

The coincidence of the dismal trade data coming out just before the Korean president’s Wednesday address to a joint session of Congress can only heighten attention to the gap between the administration’s promises and the outcomes of its trade agreements.

“The Korea pact’s damaging outcomes being the opposite of the administration’s promises will certainly complicate the administration’s current efforts to use the same claims about export expansion to persuade Congress to delegate away its constitutional trade authority or to build support for the administration’s next trade deal, a massive 11-nation Trans-Pacific Partnership (TPP) based on the same model,” said Lori Wallach, director of Public Citizen’s Global Trade Watch.

U.S. export growth to countries with NAFTA-style pacts like the U.S.-Korea FTA [has been particularly lackluster](#); growth of U.S. exports to countries that *are not* FTA partners has exceeded U.S. export growth to countries that are FTA partners by 38 percent over the past decade.

In contrast to the Obama administration’s promise that the U.S.-Korea FTA would mean “more exports, more jobs,” U.S. goods exports to Korea have dropped 10 percent (a \$4.2 billion decrease) under the Korea FTA’s first year, in comparison to the year before FTA implementation. U.S. imports from Korea have climbed 2 percent (a \$1.3 billion increase). The U.S. trade deficit with Korea has swelled 37 percent (a \$5.5 billion increase). The ballooning trade deficit indicates the loss of tens of thousands of U.S. jobs.

“Most Americans will not be shocked that another trade agreement has increased our trade deficit, because they know that these NAFTA-style deals are losers, but anger toward the politicians who keep supporting these deals is soaring,” said Wallach. “The question is why any member of Congress would buy the same tired promises that once again have proven false and cede to the administration’s demands that Congress give away its constitutional authority over trade to allow the administration to Fast Track into effect yet another deal, TPP, that will increase our trade deficit and cost U.S. jobs.”

The decline in U.S. exports under the Korea FTA contributed to an overall [disappointing U.S. export performance in 2012](#), placing the United States far behind Obama’s stated goal to double U.S. exports by the end of 2014. At the sluggish 2012 export growth rate of 2 percent, the United States will not achieve the president’s goal until 2032, 18 years behind schedule.

“The sorry Korea FTA numbers beg the question: How can the administration call for a rebirth of American manufacturing and job growth while pushing the TPP, a sweeping deal that would expand the failed Korea FTA model to low-wage countries like Vietnam, ban Buy American provisions and offshore tens of thousands more U.S. jobs,” said Wallach.

Many of the sectors that the Obama administration promised would be the biggest beneficiaries of the Korea FTA have actually been some of the deal’s largest losers:

- U.S. pork exports to Korea have declined 24 percent under the first year of the FTA relative to the year before FTA implementation.
- U.S. beef exports have fallen 8 percent.
- U.S. poultry exports have plunged 41 percent.

The U.S. deficit with Korea in autos and auto parts increased 16 percent in the first year of the FTA. U.S. auto imports from Korea have surged by more than \$2.5 billion under the FTA’s first year. FTA proponents have shamelessly touted “gains” in U.S. auto exports without revealing that this increase totaled just \$130 million, with fewer than 1,000 additional U.S. automobiles sold in Korea relative to the 1.3 million Korean cars sold here in 2012.

Read [additional analysis of the government data](#) on U.S. trade with Korea under the U.S.-Korea FTA.

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[Public Citizen](#) is a national, nonprofit consumer advocacy organization that has worked to protect health, safety and democracy since 1971.