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REPORTERS MEMO

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Survey of Studies on Potential U.S. Economic Effects of Korea Trade Deal Shows Rising Deficits and Job Losses, 2010 'Supplemental Deal' Does Not Alter These Outcomes

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Summary: *A comprehensive U.S. government study conducted by the U.S. International Trade Commission (USITC) suggests that the implementation of the Korea FTA will lead to an increase in the U.S. trade deficit in goods, which will likely cause layoffs here at home. The changes made to the deal by the Obama administration in December 2010 do not alter these ITC findings.*

On Dec. 3, 2010, President Barack Obama announced auto sector-related changes to the George W. Bush-negotiated Korea Free Trade Agreement (FTA) in preparation for submitting it to Congress in early 2011. This comes on the heels of a midterm election cycle that featured unprecedented campaigning by GOP and Democratic congressional candidates against the offshoring of American jobs, and after a 2008 election cycle in which candidate Obama promised to overhaul unfair trade deals. In the coming weeks, the representatives who campaigned and won on fair trade themes in 2008 and 2010 will face a test. Will they stand by their campaign commitments and oppose the trade deal with Korea, which is projected to increase the U.S. trade deficit and threaten more job loss? This would resonate with the majority of Americans across stunningly diverse demographics who oppose the past trade pacts that have led to the massive offshoring of jobs.[1] (Underlying the public sentiment are deep concerns about the net loss of more than five million U.S. manufacturing jobs – one of every four in that sector – since implementation of the North American Free Trade Agreement (NAFTA) on which the Korea FTA is based.) Or will they follow the Beltway Republicans and flip-flopping Obama administration and support the NAFTA-style deal with Korea?

Lori Wallach, Public Citizen's Global Trade Watch director, and Todd Tucker, research director, are available to comment on the political and economic implications the Korea FTA. To schedule an interview with Ms. Wallach or Mr. Tucker, please contact Bryan Buchanan, press officer for Public Citizen's Global Trade Watch, at (202) 454-5108 or at bbuchanan@citizen.org.

This memo reviews five studies that have attempted to predict the economic effects of the Korea FTA, with particular attention paid to an often-cited study conducted by the USITC. That study concluded that the Korea FTA would increase the U.S. goods trade deficit. On both politics and policy, this is a troubling finding and suggests that implementation of the Korea FTA will likely lead to U.S. job losses. The pact's chief negotiator, Ambassador Karan Bhatia, offered a frank assessment of the impact of FTAs upon the United States while he served as President George W. Bush's deputy U.S. trade representative. In an October 2006 speech to a Korean audience, Bhatia said that it was a "myth" that "the U.S. will get the bulk of the benefits of the FTA." He went on to say, "If history is any judge, it may well not turn out to be true that the U.S. will get the bulk of the benefits, if measured by increased exports." He added that, in the instance of Mexico and other countries, **"the history of our FTAs is that bilateral trade surpluses of our trading partners go up," meaning that the U.S. trade deficit with those countries increased.**[2]

For an analysis of a wider range of factors that will complicate any push for passage of Bush's Korea FTA, see our political backgrounder at: http://bit.ly/dhITT8.

South Korea is a major industrial power. U.S. imports of Korean goods are predicted by the USITC to increase significantly if the FTA is implemented. U.S. export opportunities to Korea are murky. The pact was negotiated under the deadline of Fast Track termination in 2007. With literally minutes to go before losing Fast Track trade authority,[3] the Bush administration agreed to terms that allowed certain Korea tariffs to remain in place for sectors in which the U.S. agreed to eliminate its tariffs immediately. Turning to U.S. imports from Korea, some goods from South Korea (including motor vehicles and apparel) currently face high tariffs. This stands in contrast to goods from many developing countries that already enjoy U.S. trade preferences. [4] Elimination of these tariffs on Korean goods could lead to a flood of imports, thereby reducing U.S. demand for domestically produced products and causing factories to reduce production and lay off workers.

A study by the Economic Policy Institute has examined the employment impacts of implementation of the Korea FTA. The study examined the U.S. historical experience with major changes in bilateral trade policy – namely changes in trade flows with Mexico and China after NAFTA implementation and Chinese World Trade Organization (WTO) ascension, respectively – to determine the likely impact of the Korea FTA on trade flows and jobs.[5] **The EPI found that implementation of the Korea FTA would boost the U.S. trade deficit with Korea by $13.9 billion over the next seven years.[6] This rise in the trade deficit, in turn, would cost the U.S. economy about 159,000 net jobs.[7]** This is equivalent to losing 90 percent of the manufacturing jobs in Detroit.[8]

Public Citizen conducted a similar exercise in our report "Lies, Damn Lies and Export Statistics: How Corporate Lobbyists Distort Record of Flawed Trade Deals," available at: http://bit.ly/bx3JJn. Examining the relative export growth record to the broader set of America's 17 FTA partners, we found that American exports to FTA countries have on the whole grown at less than half the pace of U.S. exports to countries with which we do not have such pacts. If the difference between the FTA and non-FTA export growth rates for goods for each year were to be put in dollar terms, the total U.S. FTA export "penalty" would be $72 billion over the past decade.[9]

U.S. Government Agency Review Projects Rising U.S. Deficit with Korea FTA

The USITC, an independent federal body that analyzes the likely effects of trade agreements for Congress and the executive branch, made projections of the effects of the Korea FTA based on a complex mathematical model of the global economy (a computable general equilibrium [CGE] model). It found that the Korea FTA would result in an increase in the total U.S. goods trade deficit of between $308 million and $416 million.[10] Imports are projected to increase by $5,100 million to $5,692 million, and exports will increase by $4,792 million to $5,276 million.

The December 2010 supplemental deal – which extended the time period for but did not eliminate the tariff phase-out for certain autos and trucks – does not alter these findings. That is because the USITC model looks at the change in trade flows when the agreement is fully implemented and tariffs are fully phased out. Given that the supplemental agreement did not alter the ultimate elimination of these tariffs, but only the timeline for these cuts, it does not alter the USITC findings. (The study did not attempt to project the effects of the agreement on overall services trade, due to insufficient data and widely shared concerns among economists about the feasibility of modeling the non-tariff regulatory changes that affect services trade.)

In announcing his intentions to send the Korea FTA to Congress, Obama said, "I am very pleased that the United States and South Korea have reached agreement on a landmark trade deal that is expected to increase annual exports of American goods by up to $11 billion and support at least 70,000 American jobs."[11] A fact sheet that accompanied the release said, "With the U.S. International Trade Commission (ITC) estimating that the tariff cuts alone in the U.S.-Korea trade agreement will increase exports of American goods by $10 billion to $11 billion, advancing this agreement will secure the tens of thousands of American jobs supported by those exports."[12]

Obama's use of the term "support" is critical, as noted in a *New York Times* story, "Few New Jobs Expected Soon from Free-Trade Agreement with South Korea."[13] The figure Obama cites reflects the ITC's projected gains of $10 billion to $11 billion in U.S. exports to Korea.[14] It is likely that the jobs number was then derived by multiplying the estimated gain in bilateral exports by an exports-to-jobs ratio. An April 2010 report from the International Trade Administration estimated that every $150,000 in U.S. exports supports one American job.[15] Applying this exports-to-jobs ratio to the $10 billion to $11 billion exports figure yields an estimate of 66,667-73,333 jobs. The "70,000 jobs" figure falls in the middle of that range, so it is highly likely that the figure is based on the USITC bilateral export estimates. However, it notably does not include the other side of the calculation – U.S. jobs lost to imports.

> *"If you want a trade policy that helps employment, it has to be a policy that induces other countries to run bigger deficits or smaller surpluses. A countervailing duty on Chinese exports would be job-creating; a deal with South Korea, not."*
> *- Paul Krugman, "Trade Does Not Equal Jobs," The New York Times, Dec. 6, 2010*

It is misleading to discuss just exports when examining the potential economic and jobs impact of trade agreements. Just as greater exports tend to support more jobs, greater imports tend to eliminate jobs – all else being equal. The 70,000 figure ignores the USITC's import estimates entirely. If we were to account for the effects of imports, use this same method of jobs calculation and consider the USITC's estimate of the effect of the Korea FTA on the U.S. global trade balance (available on Table 2.3 on page 2-14 in the USITC report), we would find that the Korea FTA would cause a net loss of U.S. jobs, since the trade deficit will increase by $308-416 million. Even if only the USITC's projections on the bilateral trade flows with Korea were to be considered, more than 60 percent of the job gains from exports would be wiped out from job losses due to increased imports from Korea.

Given that the fundamental question is what the FTA would mean for America's trade balance and thus jobs, it is worth understanding the seemingly conflicting data in the USITC report. At first glance the USITC study seems to suggest that the U.S. trade balance in goods (also known as merchandise) will improve by $3.3-4 billion because this is the projected change in the bilateral trade balance with Korea. However, due to the way that bilateral trade agreements affect global trade flows, the Korea FTA's results for overall U.S. trade balance in goods are dramatically different from the change in the bilateral balance with Korea. Chapter 2 of the USITC report explains: "The last row in table 2.3 reports the simulated changes in total U.S. trade in sectors analyzed in this simulation. Total U.S. exports of these commodities is expected to be higher by $4.8–5.3 billion, and total imports of commodities in this analysis is expected to be higher by $5.1–5.7 billion."[16] Subtracting the import figures from the exports figures reveal that the USITC study predicts the total U.S. trade deficit in goods will increase by between $0.3 billion and $0.5 billion. This finding in sum is that the effect of *trade diversion* on U.S. exports is greater than the effect on U.S. imports, so the U.S. trade balance with the world (including Korea) will worsen after the FTA goes into effect, but the balance with Korea alone improves. The bottomline USITC finding contradicts Obama's stated purpose for passing the FTA – to promote his goal of doubling exports to create two million U.S. jobs.

Unlike in past analyses,[17] the Obama administration's Dec. 3 fact sheet on the supplemental deal at least acknowledges the existence of trade imbalances, stating, "In 2009 our goods trade deficit with Korea was $11 billion while the services trade surplus was $7.1 billion in 2008. The ITC estimates the U.S. trade balance with Korea will improve by $3.3 billion to $4 billion under the agreement."[18] However, as noted above, this statistic accounts for only the bilateral balance – not the changes in the global U.S. trade deficit, which is what corresponds to the changes in total employment.

Finally, the administration fact sheet states that "the U.S. International Trade Commission estimates that America's economic output will grow more from the U.S.-Korea agreement than from the United States' last nine trade agreements combined."[19] It is worth noting that most of the countries with which the U.S. has signed recent trade agreements are economic basketcases – meaning that this statistic is not particularly noteworthy.

The structure of the USITC's projection model does not permit the total number of workers to vary, so their report does not contain a net job loss estimate to accompany the estimate of the increased deficit.[20] While holding the total number of workers constant, though, the model does permit the movement of workers from one sector of the economy to another, so it can be useful in illustrating the types of jobs that may be lost with a Korea FTA.

The USITC study indicates that jobs may be lost in many high-wage industries, including auto manufacturing and electronics manufacturing. The average hourly earnings of workers in the electronic equipment manufacturing industry, projected to lose a significant number of jobs, were $30.38 in 2008. This was 40.5 percent greater than the average hourly earnings of all workers employed in the private sector. Table 1 shows what is driving these declines in employment in these industries: large rises in the trade deficit in these sectors, totaling up to $1.8 billion for motor vehicles and parts, other transportation equipment and electronic equipment.

Table 1 displays the USITC's estimates of the trade balance impact upon a few sectors of the U.S. economy where it projects the FTA will cause deficits: motor vehicles, electronic equipment, "other transportation equipment," iron, metal products, textiles and apparel. The USITC developed ranges for the statistically likely effects of the FTA, which are labeled in the Table 1 as "low" and "high" estimates.

By identifying the location of businesses in these vulnerable sectors, it is possible to determine which U.S. states are most at risk for Korea FTA-related job loss.[22] Interestingly, many of these are swing states that Obama must capture to win reelection.

Table 1: USITC Estimates of Trade Balance Effects of Korea FTA, Selected Industries

	Change in U.S. global trade balance (millions of dollars)[21]	
	Low	High
Motor vehicles and parts	($531)	($708)
Other transportation equipment	($340)	($293)
Electronic equipment	($790)	($762)
Metal products	($169)	($187)
Textiles	($169)	($190)
Apparel	($56)	($74)
Iron-containing metals	($65)	($75)
Total	($2,120)	($2,289)

- For the auto sector, the top five states that would face Korea FTA job loss threats are: Michigan, Indiana, Ohio, Kentucky and California.
- For the other transportation equipment sector, the top five states that would face Korea FTA job loss threats are: California, Texas, Florida, Georgia and Connecticut.
- For the electronic equipment sector, the top states that would face Korea FTA job loss threats are: California, Texas, New York, Illinois and Massachusetts.
- For the metal products sector, the top five states that would face Korea FTA job loss threats are: California, Texas, Pennsylvania, Michigan and Illinois.

- For the textiles sector, the top five states that would face Korea FTA job loss threats are: North Carolina, Georgia, California, South Carolina and Alabama.
- For the apparel sector, the top states that would face Korea FTA job loss threats: California, New York, Kentucky, Texas and Pennsylvania.
- For the iron-containing metals sector, the top states that would face Korea FTA job loss threats are: Pennsylvania, Ohio, Texas, Michigan and Illinois.

The auto manufacturing industry may lose a significant number of workers due to the FTA. Indeed, the Korea Automobile Manufacturing Association (KAMA) celebrated the December 2010 supplemental deal in the following terms: "The deal wiped off uncertainties in the world's largest automobile market and is forecast to drive up South Korean automakers' market share in the U.S. ... Small and mid-size auto parts makers will also benefit from the elimination of tariffs."[23] The USITC study projected that once tariffs are phased out, the sizable bilateral trade deficit with Korea in autos and auto parts (Korean sent 500,000 autos here in 2010 while the U.S. exported less than 6,000 to Korea[24]) would increase by up to $1.3 billion.[25] To try to expand U.S. auto exports to Korea, the supplemental negotiations concluded in December 2010 included a four-year waiver of Korean auto fuel efficiency and emission standards for U.S. imports as well as a waiver of Korean auto safety standards for a high number of U.S. imports. Other Korean policies identified by the industry and United Auto Workers as posing significant non-tariff barriers to entry were not waived. And, the low 35 percent domestic content rule for vehicles to obtain duty-free treatment was not altered, meaning Korean assembled vehicles containing 65 percent Chinese and other inputs would gain duty-free entry into the U.S. market. (Korea's FTA with the European Union requires 55 percent domestic content to obtain favorable tariff treatment.) The elimination of U.S. auto and truck tariffs and the low rule of origin requirements raise the question of whether Korean auto firms now producing cars in the United States would continue their operations. The average hourly earnings of American workers in the auto industry was $23.61 in 2008, 9.2 percent greater than the average hourly earnings of all workers employed in the private sector ($21.62).[26] According to the U.S. Bureau of Labor Statistics (BLS), total hourly compensation per worker, which includes both wages and benefits, was $36.35 for American workers in the auto sector and $23.30 for Korean workers in the auto sector in 2007, so compensation for American auto workers is about 56 percent higher.[27]

Interestingly, the USITC predicted that, were the Korea FTA implemented, there would be an absolute decline in the total value of exports in some manufacturing sectors, including electronic equipment, other transportation equipment and iron-containing metals, not just a worsening of the balance. For example, total U.S. exports of electronic equipment are expected to decline by $293 million to $381 million due to the Korea FTA implementation.[28] This is a particularly troubling development, since high-tech jobs are often touted as being the "jobs of the future."

The USITC projected that the workers shed by these high-paying industries would be absorbed by other industries – principally low-paying industries such as meat processing, which are expected to export more goods under the Korea FTA. Employment in the bovine meat production industry was projected to rise by 0.7 to 1.8 percent. This was the greatest percent increase projected for any industry, except for the industry of actually raising cattle, sheep, goats and horses, whose employment was also projected to rise by 0.7 to 1.8 percent. Workers in the meat production industry are very poorly paid. Their average hourly earnings are only $13.69, which is 36.7 percent less than the average hourly earnings of all workers employed in the private sector.[29] (Notably, 80 percent of the top 10 states with the highest concentration of meat processing jobs as a share of total jobs have been given a Republican-leaning Partisan Voting Index score by the Cook Political Report, ranging from R+4 to R+13.[30] This makes it unlikely that Democrats will be able to politically capitalize on any job creation in the meat-processing sector.)

The unfavorable employment effects of the Korea FTA projected by the USITC model can be thought of as the *minimum* level of employment displacement and trade deficit increase (and related employment displacement) that the Korea FTA might bring about, given that past USITC projections have been overly optimistic. For example, a 1999 USITC study using roughly the same model estimated that China's tariff offer for WTO ascension would increase the U.S. trade deficit with China by only $1 billion dollars.[31] In reality, the trade deficit with China skyrocketed by $167 billion between 2001 and 2008.[32] Although China's WTO ascension alone (and the favorable trade treatment that came with it) likely did not cause the entirety of the huge rise in the trade deficit with China, it almost certainly contributed more than $1 billion dollars to the rise in the deficit.

Losing Ground Against Export Competitors *With* the FTA

The administration has said that "America used to be Korea's biggest trading partner. But since 2003, we have fallen to fourth place – behind China, Japan and the European Union. In just over a decade, our share of Korea's import market for goods has fallen from 21 percent to just 9 percent – a smaller share than the European Union, which is preparing to secure more of the Korean market by implementing its own free trade agreement next summer. During that same period China's market share increased from 7 percent to 18 percent. The U.S.-Korea trade agreement will help American companies and American workers regain a strong hand in the Korean marketplace, making sure that more of the goods and services sold there are made in America – not somewhere else. Those benefits will be in jeopardy if we do nothing while Korea moves forward on agreements with the EU, Australia, and others."[33]

In fact, the USITC finds that a lot of the impact of the FTA will simply be product shifting: U.S. exports that used to go to Europe or China will be redirected to Korea. This provides no additional benefit to U.S. workers, but can serve on a superficial level to boost the apparent gains from the FTA.

Moreover, the rules of origin in the FTA will disproportionately benefit countries that are not signatories to the agreement, such as China and the countries of the European Union. In the auto sector, for instance, as much as two-thirds of the inputs can come from these other countries, and then be incorporated into a final product in South Korea and gain the same benefits as if it were *wholly made* in South Korea. Europe, in contrast, got a much better deal with its EU-Korea trade deal, which requires more than half the value of the auto parts to come from the EU or Korea to qualify for EU-Korea FTA benefits.

In sum, the Obama administration partially adopts a fair trade rhetoric by talking about competiveness with other trading partners. What it fails to mention is that the benefits of the U.S.-Korea deal it negotiated will go largely to Europe, China and other countries – the countries we supposedly are trying to outcompete.

Other Studies On Korea FTA Economic Effects are Questionable

There are other studies on the Korea FTA's possible economic outcomes, but they make questionable assumptions and/or do not explain their methodology fully. They thus are best ignored. For example, a 60-page study commissioned by the Korea Economic Institute accounts for a range of issues that other models do not account for, but also relies on the unrealistic assumption that "trade remains balanced for each country or region, that is, any initial trade imbalance remains constant as trade barriers are changed."[34] Hence, under the assumptions of the model, no matter how tariff levels between countries change, the U.S. global trade balance would stay constant.

To give another example, a 2009 study commissioned by the U.S. Chamber of Commerce that predicts large gains in U.S. jobs from the FTA is generally vague in its explanation of its methodology.[35] More concerning, though, is that nowhere does the report give an estimate of the increase in U.S. imports due to the FTA. At a minimum, any study that claims to predict the effects of a trade agreement upon the U.S. economy should deal with both sides of trade – exports *and* imports. Given that the study doesn't even report *any* estimates of an effect on imports, it is not clear whether the study accounted for the effects of rising imports at all. Indeed, failing to account for the effects of increased imports would go a long way toward explaining how the study came up with the unreasonably large number of jobs that the Korea FTA would supposedly create.

A 2006 study on a potential Korea FTA from the Peterson Institute for Institutional Economics fails to even report its projected changes in trade flows due to an FTA, so the study's results on effects upon the U.S. trade deficit are unknown.[36] Since the study was carried out before the release of the text of the FTA, it studied two scenarios – one in which rice tariffs were eliminated and one in which they were left unchanged. Rice tariffs *are* left unchanged in the final text of the Korea FTA.[37] The results of the model with unchanged rice tariffs predict that the U.S. will gain $6.3 billion in welfare in the medium term.[38] However, it predicts that most manufacturing sectors will see significant declines in output, including a 0.3 percent decline in U.S. motor vehicle output and a 0.5 percent decline in the output of electronic equipment.[39] It also projects that the wages of unskilled workers in the United States will change by less than 0.05 percent (the percent change in wage is rounded to 0.0 in the table) and the wages of skilled workers will decline by 0.1 percent.[40]

<u>Conclusion</u>

In summary, an independent government study suggests that the implementation of the Korea FTA will lead to an increase in the U.S. trade deficit in goods, which will likely cause layoffs here at home. Members of Congress will face severe political liability back home if they vote for a NAFTA-style trade deal that is expected to kill jobs at a time of sky high unemployment.

ENDNOTES

[1] See Todd Tucker, "Election 2010: The Best Defense Was a Fair Trade Offense," Public Citizen, November 2010. Available at: http://bit.ly/bdDk2e

[2] Remarks by Ambassador Karan Bhatia (Deputy U.S. Trade Representative) at Yonsei University, October 24, 2006, Available at: http://ustraderep.gov/assets/Document_Library/Transcripts/2006/October/asset_upload_file496_9901.pdf

[3] For more background on "Fast Track," see Todd Tucker and Lori Wallach, *The Rise and Fall of Fast Track Trade Authority,* (Washington, D.C.: Public Citizen, 2009). Available at: http://www.fasttrackhistory.org/

[4] In 2008, imports of Korean goods into the United States faced a trade-weighted average tariff of 1.50 percent. Goods from Colombia and Panama, potential FTA partners, faced trade-weighted average tariffs of 0.95 and 0.56, respectively. World Trade Organization, "Tariff Analysis Online," June 2010 version, Available at: http://tariffanalysis.wto.org/

[5] Robert E. Scott, "Trade Policy and Job Loss," Economic Policy Institute, Working Paper #289, Feb. 25, 2010, Available at: http://www.epi.org/publications/entry/trade_policy_and_job_loss/

[6] Robert E. Scott, "Trade Policy and Job Loss," Economic Policy Institute, Working Paper #289, Feb. 25, 2010, Available at: http://www.epi.org/publications/entry/trade_policy_and_job_loss/, at 9, Table 4.

[7] Robert E. Scott, "Trade Policy and Job Loss," Economic Policy Institute, Working Paper #289, Feb. 25, 2010, Available at: http://www.epi.org/publications/entry/trade_policy_and_job_loss/, at 10, Table 5.

[8] See page 10 of http://www.bls.gov/sae/eetables/sae_annavg109.pdf

[9] Travis McArthur and Todd Tucker, "Lies, Damn Lies and Export Statistics: How Corporate Lobbyists Distort the Record of Flawed Trade Deals," Public Citizen, September 2010, Table 5, at 26. Available at: http://bit.ly/bx3JJn

[10] U.S. International Trade Commission. "U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects." USITC Publication 3949. September 2007, Corrected printing March 2010, at 2-14, Table 2.3, Available at: http://www.usitc.gov/publications/332/pub3949.pdf

[11] Barack Obama, "Statement by the President Announcing the US-Korea Trade Agreement," White House Press Release, December 3, 2010. Available at: http://www.whitehouse.gov/the-press-office/2010/12/03/statement-president-announcing-us-korea-trade-agreement

[12] The White House, “Economic Value of the US-Korea Free Trade Agreement: More American Exports, More American Jobs,” December 3, 2010. Available at: http://www.whitehouse.gov/sites/default/files/fact_sheet_economic_value_us_korea_free_trade_agreement.pdf
[13] Sewell Chan, “Few New Jobs Expected Soon From Free-Trade Agreement With South Korea”, *New York Times*, December 7, 2010.
[14] U.S. International Trade Commission. “U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects.” USITC Publication 3949. September 2007, Corrected printing March 2010, at Table 2.2 on page 2-8.
[15] John Tschetter, “Exports Support American Jobs,” International Trade Administration, International Trade Research Report No. 1, April 2010, at Table 1, Available at: http://trade.gov/publications/pdfs/exports-support-american-jobs.pdf
[16] U.S. International Trade Commission. “U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects.” USITC Publication 3949. September 2007, Corrected printing March 2010, at 2-13.
[17] The White House, *President’s Progress Report on the National Export Initiative*, July 7, 2010, Available at: http://www.usitc.gov/publications/332/pub3949.pdf
[18] The White House, “Economic Value of the US-Korea Free Trade Agreement: More American Exports, More American Jobs,” December 3, 2010. Available at: http://www.whitehouse.gov/sites/default/files/fact_sheet_economic_value_us_korea_free_trade_agreement.pdf
[19] The White House, “Economic Value of the US-Korea Free Trade Agreement: More American Exports, More American Jobs,” December 3, 2010. Available at: http://www.whitehouse.gov/sites/default/files/fact_sheet_economic_value_us_korea_free_trade_agreement.pdf
[20] Ibid, at 2-4: “[The model] maintains a balance in the factors of production—labor, capital, and natural resources—so that if some sectors expand and need more labor, other sectors must contract and release that much labor.”
[21] U.S. International Trade Commission. “U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects.” USITC Publication 3949. September 2007, Corrected printing March 2010, at 2-14, Table 2.3.
[22] The location of businesses was determined from data obtained from Hoover’s Inc.
[23] “S. Korean automakers hail KORUS FTA,” Yonhap, Dec. 5, 2010.
[24] Sewell Chan, “U.S. and South Korea Have Reached Trade Deal,” *New York Times,* Dec. 3, 2010.
[25] U.S. International Trade Commission. “U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects.” USITC Publication 3949. September 2007, Corrected printing March 2010, at Table 2.2.
[26] 2008 data from the Current Employment Statistics of the Bureau of Labor Statistics (http://data.bls.gov/cgi-bin/dsrv?ce). Average hourly earnings for “other transportation equipment” was obtained by multiplying the average hourly wage of the aerospace products and parts, ship and boat building, and other transportation equipment industries by the number of workers in that industry, then dividing by the total number of workers in all three industries.
[27] ftp://ftp.bls.gov/pub/special.requests/ForeignLabor/aeind336naics.txt
[28] U.S. International Trade Commission. “U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects.” USITC Publication 3949. September 2007, Corrected printing March 2010, at 2-14, Table 2.3.
[29] 2008 data from the Current Employment Statistics of the Bureau of Labor Statistics (http://data.bls.gov/cgi-bin/dsrv?ce). Industry: “Animal slaughtering and processing” Series ID: CEU3231160003.
[30] Employment data is from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages, series IDs ENU<ST>0001053116 and ENU<ST>00010510, 2009 annual data. The Cook Political Report's state PVIs are available here: http://www.cookpolitical.com/sites/default/files/statepvi.pdf
[31] U.S. International Trade Commission, “Assessment of the Economic Effects on the United States of China’s Accession to the WTO,” August 1999, at xi.
[32] Trade flow data from the USITC DataWeb. Deficit calculated on a domestic imports minus imports for consumption basis. Figures inflation-adjusted to 2009 using the CPI-U-RS.
[33] The White House, “Economic Value of the US-Korea Free Trade Agreement: More American Exports, More American Jobs,” December 3, 2010. Available at: http://www.whitehouse.gov/sites/default/files/fact_sheet_economic_value_us_korea_free_trade_agreement.pdf
[34] Kozo Kiyota and Robert M. Stern, “Economic Effects of a Korea-U.S. Free Trade Agreement,” Korea Economic Institute of America, 2007, at 24, Available at: http://www.keia.org/images/stern2007.pdf
[35] Laura M. Baughman and Joseph F. Francois, “Trade Action – or Inaction: The Cost for American Workers and Companies,” U.S. Chamber of Commerce, September 15, 2009, Available at: http://www.uschamber.com/assets/international/uscc_trade_action_inaction_study.pdf
[36] Jeffrey J. Schott, Scott C. Bradford, and Thomas Moll, “Negotiating the Korea–United States Free Trade Agreement,” Policy Brief 06-4, Institute for International Economics, June 2006, Available at: http://www.iie.com/publications/pb/pb06-4.pdf
[37] According to “Annex 2-B Tariff Schedule of Korea,” unprocessed rice tariff categories are in staging category Y, which means that Korea did not commit to lower tariffs on unprocessed rice, according to page 3 of the General Notes on the Tariff Schedule of the Republic of Korea. There are a few products with rice ingredients that Korea has committed to reduce tariffs on, but they are only on heavily processed rice, such as rice cakes and rice bran oil. See “Annex 2-B Tariff Schedule of Korea” at:

http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file786_12756.pdf. See the General Notes at: http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file584_12758.pdf

[38] Jeffrey J. Schott, Scott C. Bradford, and Thomas Moll, "Negotiating the Korea–United States Free Trade Agreement," Policy Brief 06-4, Institute for International Economics, June 2006 at 26, Table 10.

[39] Jeffrey J. Schott, Scott C. Bradford, and Thomas Moll, "Negotiating the Korea–United States Free Trade Agreement," Policy Brief 06-4, Institute for International Economics, June 2006, at 27, Table 12.

[40] Jeffrey J. Schott, Scott C. Bradford, and Thomas Moll, "Negotiating the Korea–United States Free Trade Agreement," Policy Brief 06-4, Institute for International Economics, June 2006, at 26, Table 11.