

# Korean free-trade pact important for Washington

By Kathleen Connors

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Two years ago, government and business leaders from across the state welcomed U.S. and Korean officials to Seattle for a week of trade negotiations. Seattle was chosen for a reason: Washington is the most trade-dependent state in the country, and there are already strong ties between Washington state and Korea.

The U.S.-Korea Free Trade Agreement is now signed and awaits congressional consideration. Last week, President Bush welcomed to Washington, D.C., for the first time, newly elected South Korean President Lee Myung-bak, who brought with him an important present: an agreement to fully reopen the Korean market to U.S. beef.

South Korea had been the third-largest export market for U.S. beef until 2003, when U.S. producers were effectively shut out of the market. Washington state exported \$50 million of beef products to Korea that year, so the resumption of exports beginning in May will be a welcome boon to local producers.

Lee's visit comes at a time when American trade policy is again at a crossroads. Our continued ability to open foreign markets and expand trade opportunities through trade agreements is seriously at risk.

There has been a long debate about the impact of trade on America's economy. Despite political challenges, presidents of both parties — supported by Congress — have consistently promoted trade.

Despite 95 percent of America's potential customers being outside our borders, the era of trade cooperation may be over. Trade has become a presidential campaign issue, with candidates suggesting they would consider pulling the United States out of the North American Free Trade Agreement. And congressional leaders are threatening to defeat all pending trade agreements, including agreements with Colombia, Panama and Korea.

Does the Korea agreement matter? It does for Washington state. The Korea agreement is part of a broader Asia-Pacific strategy for Washington, and Asian nations welcome their relationship with the state. In 2007, Korea was Washington's fifth-largest export market. The U.S.-Korea FTA would allow nearly 95 percent of U.S. consumer and industrial exports to become duty free within the first three years of the agreement, and two-thirds of U.S. agricultural products will become duty free immediately.

Microsoft and Washington's many high-tech companies will benefit from Korea's eliminating duties on all products in this sector, as well as Korea's commitment to treat digital products equally regardless of whether they are transmitted in physical form or electronically. The agreement locks in and improves an open trade regime for technology-related services, such as telecommunications, computer and related services, and audiovisual and recreational services. It also strengthens protections for intellectual property by deterring piracy and unauthorized sharing of music, video, software and other content over the Internet.

Korea is a long-term customer for Boeing. In April 2005, Korean Air placed an order for up to 20 Boeing 787 Dreamliners in a deal worth approximately \$2.6 billion at list prices.

For Starbucks, this agreement will reverse a very bad trend. Coffee exporters had been excluded from previous trade agreements, including NAFTA and the Central American Free Trade Agreement. Under the Korea agreement, the bound tariff of nearly 30 percent will go immediately to zero.

Many of these products will be shipped through the ports of Seattle and Tacoma, which already benefit from strong relationships with Korean shippers Hanjin and Hyundai.

But it's not just large businesses and their workers that will benefit. In 2005, 89 percent of U.S. companies exporting to Korea were small or medium-sized. Washington beneficiaries include companies like Kaiser Aluminum in Spokane, and Trinity Glass International in Tacoma.

For Washington's farmers, the current 24-percent tariff on cherries would be immediately eliminated in the industry's top overseas growth market. The state's wine producers would finally have a fair chance to compete for Korean consumers. And Washington potato growers would immediately benefit from an 18-percent tariff reduction in a market that generated \$23 million in sales in 2006.

So what's next? This agreement will not pass without our active support. And we simply cannot take for granted the votes of our congressional delegation. Those who oppose trade have consistently been louder and more organized. And now they use a stagnant economy as their latest argument for voting down any trade agreement, despite export figures being the bright spot in our current economic data.

Washington state knows better. This agreement will have clear benefits for our region. But we must overcome a tough political season and an effective opposition to make this agreement a reality.

For Washington state, the agreement is a clear winner.

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