

## FACT SHEET on the proposed SOUTH KOREA-US FREE TRADE AGREEMENT

Korean and US trade officials will start the third round of negotiations on a possible Free Trade Agreement (FTA) Sept 6-9 in Seattle. Korean laborers, farmers, American workers and activists will be protesting the talks throughout the week.

**Who supports the FTA?** Large corporations and governments in both countries.

**Who opposes the FTA?** Millions of workers, farmers, and small business owners in both countries whose jobs, social security, and means of life are at risk.

### What is at stake?

- The KorUS FTA would be US's largest since NAFTA. SKorea is already the US's 7th-largest trading partner and export market. If the FTA passes, US agricultural exports to SKorea are estimated to increase by more than 200%, US exports to SK by 54%, SK exports to the US by 21%. **Yet the benefits would not go to the people:** The FTA may increase SK's GDP by 2%, but growth will go to large corporations, not income for American or Korean working people. If the FTA passes, workers' rights will be at greater risk, as hard-won rights would be dismissed as "trade barriers." The FTA would undermine SK's labor law, cut wages, eliminate jobs, and increase temporary workers without benefits or security.
- The US wants to open SK's rice market. Rice is at the heart of Korean culture. SK's food security will likely drop to only 5% if the rice market is liberalized. **[national food security = ability of a country to feed its people with its own food]**. Many of SK's 3.5 million rice farmers would be driven off the land by corporate agribusiness dumping cheap rice. Agribusiness growth means bankruptcy for smaller family farms in both countries.
- FTAs hurt American workers: **Many Americans saw their jobs disappear after the North American Free Trade Agreement.** Supporters point to low unemployment, but this hides the shift from higher-paying manufacturing jobs to lower-paying service-sector jobs, where workers average only 77% of what they made in manufacturing. Among non-college-educated American workers (72.7% of the US workforce) wages have dropped, on average, 13% since 1993, the year before NAFTA.\*
- With NAFTA, workers in Mexico were handed hard labor without the decent pay or benefits. The people of Mexico have seen nothing of the economic prosperity that they were promised. After NAFTA, trade between Mexico and the US increased by 2.5. **Yet unemployment in Mexico also increased from 9.7% to 15.1%. Real wages went down by 80%.\*** Mexican people were forced to cross the border to feed their children and now face death and detention at the border and exploitation, discrimination, and marginalization in the US. This is the situation facing Korean people as well, along with millions of others displaced by free trade policies. \*Economic Policy Institute
- Jung Tae-In, former SK Presidential Secretary for economic policies has called the FTA a "grave blunder" that could hurt the entire SK economy and cause a crisis **"10 times severer than the financial crisis it experienced from 1997 to 1998."** The Korea Institute for International Economic Policy concluded in a report that nations such as Mexico did not increase US market share after FTAs.
- **The SK government accepted 4 US pre-conditions to FTA talks:** 1) lifting price controls for pharmaceuticals, 2) reduction of film screen quotas, 3) lifting of the beef import ban instituted due to mad cow disease, and 4) loosening of emissions regulations on American autos. Already the health, culture and environment of Korea has been negatively affected.
- Korea's national healthcare system regulates medicine pricing. **The FTA would abolish the right to limit costs, putting affordable, life-saving medicine** for many senior citizens and those suffering from long-term illness out of reach. Furthermore, it will put strain on the country's entire healthcare system. The US also wants simplification of clinical drug trials and safety test standards.
- Screen quotas require Korean theaters to show a percentage of Korean films. The quota was reduced at US demand from 146 to 73 days as a prerequisite to FTA talks. Opponents argue that a single day's reduction equals a loss of \$1.6 million; 50 days, \$53.8 million: 20% of SK's gross film market. **Huge-budget films will gain even greater power over SK's smaller but vibrant film industry.** Consumers want American *and* Korean films, but small productions may not survive Hollywood.
- The FTA process has excluded Korean and American people's input and **is being negotiated behind closed doors in a non-democratic manner.**
- Unions in the US and SK are fighting privatization of public services. **An FTA would increase foreign ownership of SK's businesses and public service sector**, such as utilities and railroads.

More on the back...

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### REAL TALK for REAL PEOPLE with KAWAN: What the 'experts' are saying, and why they're wrong.

'Expert' politicians, economists and professors throw around big, empty words to preach the gospel of free trade, this time for KORUS FTA. Here's what they don't want you to know!

- **Korean and American economies will become more efficient. (Wrong!)**  
This was the rhetoric after NAFTA in 1993, as well as when IMF crisis hit South Korea in '97. We know now that the Mexican economy is not any more efficient today than it was 15 years ago, and the current unemployment rate and temporary status (casualization) of many workers in South Korea suggests that the Korean economy has not been very efficient for the workers. At the same time formerly well-paying manufacturing jobs continue to leave the United States, over 1 million since NAFTA. Detroit auto companies have cut jobs with good pay and benefits, as South Korean companies set up factories in the American South with less pay and less benefits.
- **KorUS FTA will strengthen US-Korea relations. (Not So!)**  
After the structural adjustment programs (cuts in jobs and wages) of the late 90's weakened the South Korean economy, anti-American sentiment in Korea has risen to unprecedented heights. In the late 80's with the auto plants shutting down in Detroit, there was a strong backlash against Asian immigrants in the US, including a wave of hate crimes. Only strong local economies create healthy relationships, and cuts in jobs and wages will lead the public sentiment against Koreans in the US and against Americans in Korea.
- **The tariffs in Korea are too high compared to the US. (Wrong Again!)**  
South Korea's tariffs are high, but this is what South Korea needs to compete with the greatest economy in the world. Protective tariffs were necessary in the past for the US economy to be strong, and these tariffs are what Korea needs now. Weakening the Korean economy means that more Koreans will migrate to the US. Singapore got 5,400 H1 visas as part of the US-Singapore FTA. H1 visas mean good, professional jobs that will not go to Americans.
- **Economic desperation encourages illegal immigration.**  
As occurred after the IMF crisis hit South Korea in 1998, dire economic straits make it more likely that people will risk their lives to immigrate illegally in search of work. We saw it with NAFTA and Mexican immigration. To be clear, we are not opposed to immigrants looking for work in the US; we support people looking to earn an honest living everywhere. But we need strong local economies that provide opportunities at home so that people do not need to risk their lives to come to the US.
- **What's wrong with low prices and more consumer choices? I hear food is expensive in Korea. (Plenty!)**  
Do you want to pay for honestly priced foods or irresponsibly priced food? There are social costs: the farmers that will lose their livelihood in South Korea will become dependent on the Korean government or might migrate to the US illegally. US workers with their jobs lost to cheaper wages will become dependent on unemployment and social services. Working people will get less back for their tax dollars, because big agro-businesses are getting tax breaks. Paying more for locally grown food means that you know what you eat, and that people get paid fairly for their work. It also means no more corporate welfare.
- **Booming economy will create more jobs. (Buzzer sound here)**  
During President Bush's term, unemployment has been consistently higher than when he first took office. Through the economics of 'jobless growth,' higher paying manufacturing jobs have gone overseas where wages are lower. In Mexico, this meant that the subsistence farmers became the urban poor, and many people had to risk their lives to come to the US to look for work. Sure, investments will grow. But most of Foreign Direct Investments (FDIs) go to mergers and acquisitions, and when companies buy out other companies, jobs are cut.
- **We're one world; trying to stay outside of the world economy means that Korea is behind the times. (Yeah, Right!)**  
Do we really want one world unified by unemployment, lack of worker protection, and low wages? It's about jobs! Real people all over the world, including Koreans and Americans, are standing up for their rights!

### ***Can we stop the FTA? Yes!***

*To pass, the FTA needs to be passed by both the US Congress and the SK National Assembly.*

***The people can stop the FTA if we come together and make our voices heard!***

**Korean Americans Against War and Neoliberalism (KAWAN)**

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