



Written by [Daniel Sayani](#) on June 9, 2011

## Free Trade Agreement With Korea Must Be Resisted

Yet another free trade agreement is in the works, as Congress debates the Republic of Korea-United States Free Trade Agreement (also known as KORUS FTA), which would, upon ratification, eliminate 95 percent of each nation's tariffs on goods within five years. It would also create new protections for multinational financial services and other firms who engage in bilateral commerce between the United States and South Korea. Unlike NAFTA, however, KORUS FTA is facing a front of stiff opposition from the new wave of Tea Party conservatives who warn of the possible risks and liabilities to our national sovereignty, economic prowess, and manufacturing capabilities posed by KORUS FTA.



Similar to other free trade agreements, KORUS FTA will have adverse consequences for American sovereignty, productivity, and employment rates. The KORUS FTA will export jobs and increase our trade deficit. While the American public is being promised by some that the KORUS FTA will create more American exports, in reality it will only export American jobs. According to the Economic Policy Institute's estimates, in the first seven years, the agreement will cost as many as 159,000 American jobs and increase the trade deficit by \$16.7 billion. Others have said it would create 70,000 jobs, albeit predominately low-paying jobs, with Americans working for foreign-owned companies at less than half what the lost jobs paid. Thus, KORUS will create an influx of in-sourcing, in which South Korean elites will exploit American legal protections unavailable to American industry in Korea. KORUS has terms that grant extreme rights for foreign investors within the U.S. that would allow them to play by very different rules. The scope of what can be challenged in the U.S. is extremely broad. This means that while South Korean companies will be able to come here and do practically whatever they like, American companies will not be able to do the same under Korea's state run system. According to the Heritage Foundation's [Economic Freedom Index](#), South Korea ranks 35th in the world (out of 179 countries), making its economy considerably more statist than America's. (Ironically, under President Roh Moo Hyun, South Korea has been increasingly slouching towards socialism, with the Chinese ambassador to Seoul [remarking](#) that South Korea is "more socialist than China.")

As many have pointed out, South Korea is, in many aspects, a ungrateful ally. American beef and auto exports are strictly curtailed by the South Korean government. While its own car sales to the United States have soared, South Korea has not fully opened its auto market to American exports, raising the ire of economic nationalists and the United Auto Workers labor union alike. American beef imports have been blocked, under the guise of the canard of an overblown scare of mad cow disease in 2003, when in actuality, many South Koreans joined the protests because they felt the South Korean government of Lee Myung-bak has been too deferential to the United States. Yet, in spite of South Korean prosperity (compared to an ever-declining American economy) and protectionist sentiments, the United States is



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proceeding to enter into a one-sided trade agreement that gives Korean companies would have the right to sue the U.S. (i.e., American taxpayers) for lost profits, a grievous disadvantage signifying the triumph of internationalist corporatism.

Adding insult to injury, a weakened America continues to subsidize South Korea's defense expenses, as the money saved by Koreans by having their defense subsidized by the United States is used by a government that has practiced export-driven corporatism since the 1960s. To make matters worse, as Chalmers Johnson points out on page 68 of *The Sorrows of Empire: Militarism, Secrecy, and the End of the Republic*, "From the moment we turned Japan and South Korea into political satellites in the late 1940s, the United States has paid off client regimes, either directly or through rigged trade, to keep them docile and loyal." Thus, KORUS perpetuates the looting of the American taxpayer to defend government-regulated/managed trade — not free trade — and a failing cycle of military Keynesianism..

In addition, the defense against takeovers of American companies by South Korean syndicates and firms is greatly inhibited; foreign monopolies will have more power to take over entire U.S. industries, while South Korea will be able to in-source low wage jobs to its factories in the United States (a privilege American companies will not be able to exercise in South Korea). As foreign monopolies are allowed to take over American industries, any laws or regulations that would stop companies from becoming monopolies would be rendered null and void. With our open stock markets, not only will South Korean companies have access to buy us out with the money they stockpile from our balance of America's \$11 Billion trade deficit with South Korea, but they will be able to buy whole industries —and we will be financially and legally helpless to stop them.

In addition, South Korea will still be able to use barriers to trade that the U.S. doesn't have, such as special tax breaks and subsidies (ironically, South Korea levies a 10 percent protective value added tax on imports from the United States, while the United States gives them tax-free access to American markets). And, adding insult to injury, under KORUS FTA, South Korean firms that invest in the United States will have the option of circumventing local American trade courts to determine if their rights have been denied in favor of requesting third-party international arbitration, empowering sovereignty-compromising bodies such as the World Trade Organization and other internationalist bodies. These would especially include the World Bank's International Centre for Settlement of Investment Disputes (ICSID), which the United States has participated in since 1966, or arbitration would be submitted to a panel that would follow U.N. Commission on International Trade Law (UNCITRAL) arbitration rules, to which the United States agreed to in 1968. This process is already used for most U.S. free trade agreements in addition to America's 40 bilateral investment treaties (BITs). Regardless of the specific mechanism utilized, American sovereignty is compromised in favor of global governance and regulation.

As a further sovereignty-compromising effect of KORUS FTA, Korea will gain unhindered liberties to circumvent U.S. law. Any law Korea sees as limiting a corporation's profitability can be challenged. Even prevailing wage laws can be challenged, overstepping the ideals and principals of sovereignty found in our Constitution was founded on, as our leaders are consistently giving too much control of our country to foreign entities. (That federal minimum wage laws also defy the Constitution is another point.)

Thus, KORUS is yet another "free" trade agreement that will take away our right to do what is in the best interest of our country. The basis of all free trade agreements is to give foreigners unrestricted access to everything we have, eliminating duties and tariffs that protect our fledgling and older industries. Korea has only 48 million people — the U.S. has over 300 million. Under "free trade," it



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would not be possible to have anything but a massive trade imbalance with this country. By selling to us below cost, they are, by design, forcing our companies to move out of the country, sell out, or go out of business — which has already been happening at an accelerated rate. KORUS will only hasten our demise, which one can only conclude is by design, as the Insiders (manifested as the WTO, World Bank, and multinational corporations) continue their steady and intentional march towards the defeat of the American Republic and the sacrifice of American economic strength and sovereignty on the high altar of internationalist “free” trade.



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