

112TH CONGRESS
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H. RES. 266

Expressing the sense of the House of Representatives that the President should, without any further delay, submit the United States–Korea Free Trade Agreement to Congress for its consideration and immediate approval under fast track procedures pursuant to the Bipartisan Trade Promotion Authority of 2002.

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 2011

Mr. KELLY submitted the following resolution; which was referred to the Committee on Ways and Means

RESOLUTION

Expressing the sense of the House of Representatives that the President should, without any further delay, submit the United States–Korea Free Trade Agreement to Congress for its consideration and immediate approval under fast track procedures pursuant to the Bipartisan Trade Promotion Authority of 2002.

Whereas the United States and South Korea signed the United States–Korea Free Trade Agreement on June 30, 2007, and that agreement was modified and again signed on December 3, 2010;

Whereas according to the United States International Trade Commission, the reduction of South Korean tariffs and tariff-rate quotas on goods alone, as a result of imple-

menting the United States–Korea Free Trade Agreement, will increase the annual gross domestic product of the United States by \$10.1 billion to \$11.9 billion;

Whereas according to the United States International Trade Commission, implementing the United States–Korea Free Trade Agreement will increase annual goods exports from the United States by an estimated \$9.7 billion to \$10.9 billion;

Whereas according to the United States International Trade Commission, implementing the United States–Korea Free Trade Agreement would create 20,000 to 24,000 jobs in the United States;

Whereas according to the United States Trade Representative, implementing the United States–Korea Free Trade Agreement will create at least 70,000 jobs in the United States;

Whereas according to the majority staff of the Senate Finance Committee, Subcommittee on Trade, Customs and Global Competitiveness, with technical assistance from the staff of the United States International Trade Commission, implementing the United States–Korea Free Trade Agreement will create up to 280,000 jobs in the United States;

Whereas by implementing the United States–Korea Free Trade Agreement, United States exports would obtain immediate duty-free treatment on 80 percent of South Korea’s tariff lines, nearly 95 percent of bilateral trade in consumer and industrial products would become duty free within 3 years of the date the United States–Korea Free Trade Agreement enters into force, and most remaining tariffs would be eliminated within 10 years;

Whereas South Korea is the seventh largest trading partner of the United States;

Whereas the United States is the third largest trading partner of South Korea;

Whereas South Korea is the eighth largest export market of the United States;

Whereas South Korea has a \$1 trillion economy and is the 12th largest economy in the world;

Whereas the United States–Korea Free Trade Agreement advances the President’s National Export Initiative goal of doubling of United States exports in 5 years, that is, by 2014;

Whereas United States goods exports to South Korea rose to \$38 billion in 2010, and South Korea was the fastest growing export market for United States manufactured goods that year, increasing 39.6 percent;

Whereas South Korea is a huge market for United States small- and medium-size enterprises, which made up 89 percent of United States businesses exporting to South Korea in 2007 and accounted for \$18 billion in United States exports to South Korea;

Whereas implementing the United States–Korea Free Trade Agreement would create new opportunities for United States businesses by leveling the playing field for United States workers, manufacturers, and farmers in the Korean market;

Whereas United States exports to South Korea currently face an average tariff of 12.2 percent (49 percent for agricultural products and 6.6 percent for nonagricultural products), which is over 4 times higher than that which the

United States imposes, as well as a wide range of nontariff barriers;

Whereas according to the United States Trade Representative, implementing the United States–Korea Free Trade Agreement will allow providers of services in virtually all major service sectors, such as delivery, financial services, legal consulting telecommunications, education, and health care, based in the United States to compete in the services market of South Korea, which is valued at \$580 billion;

Whereas according to the United States Trade Representative, implementing the United States–Korea Free Trade Agreement would increase access to the South Korean market and ensure greater transparency and fair treatment for United States suppliers of financial services;

Whereas according to the United States Trade Representative, implementing the United States–Korea Free Trade Agreement would address nontariff barriers in a wide range of sectors and includes strong provisions on competition policy, labor, and environment, and transparency and regulatory due process;

Whereas according to the United States Trade Representative, implementing the United States–Korea Free Trade Agreement would also provide United States suppliers with greater access to the \$100 billion South Korean Government procurement market;

Whereas South Korea's average tariff on nonagricultural goods exported by the United States is 6.6 percent, and the United States average tariff on nonagricultural goods exported by South Korea is 3.2 percent, which is over 2

times higher than that which the United States imposes as well as a wide range of nontariff barriers;

Whereas implementing the United States–Korea Free Trade Agreement requires South Korea to reduce auto tariffs immediately while phasing in corresponding United States tariff cuts, reduces South Korean regulatory nontariff barriers on United States auto exports, and provides for tough United States remedies by returning to pre-agreement levels if South Korea is in material violation of the agreement;

Whereas United States auto manufacturers including the Big Three (General Motors, Ford, and Chrysler), and the United Auto Workers Union endorse the United States–Korea Free Trade Agreement;

Whereas South Korea is the fifth largest market for the exports of United States agricultural products;

Whereas South Korea’s average tariff on agricultural products exported by the United States is 54 percent, while the United States average tariff on agricultural products exported by South Korea is 9 percent;

Whereas implementing the United States–Korea Free Trade Agreement would immediately eliminate or phase out tariffs and quotas on a broad range of agricultural products, with almost two-thirds (by value) of South Korea’s agriculture imports from the United States becoming duty free upon entry into force;

Whereas according to the American Farm Bureau, implementing the United States–Korea Free Trade Agreement will lead to a \$1.8 billion increase in United States agricultural trade per year;

Whereas the reduction of trade barriers to the United States promotes economic development, creates jobs, and solidifying relations with South Korea;

Whereas increased trade will help to strengthen ties between the United States and South Korea and advance important national security goals;

Whereas the United States–Korea Free Trade Agreement is the first United States free trade agreement with a North Asian partner, the United States–Korea Free Trade Agreement and the values of economic freedom and property rights that it promotes could serve as a model for free trade agreements with the rest of the region, and underscore the United States commitment to, and engagement in, the Asia-Pacific region;

Whereas failure to implement the United States–Korea Free Trade Agreement allows other countries to enter into free trade agreements with South Korea, giving the businesses of these respective countries a massive competitive edge over the United States in South Korea’s market;

Whereas the United States was South Korea’s biggest trade partner with a market share of 21 percent in 2003 and has now fallen to third place with a market share of 9 percent;

Whereas, on May 4, 2011, South Korea approved the European Union–Korea Free Trade Agreement, which had already been approved by the European Union on February 17, 2011, thereby placing the agreement on track to take scheduled effect on July 1, 2011;

Whereas South Korea and Canada have a pending free trade agreement that is at an advanced stage of negotiation;

Whereas according to the United States Chamber of Commerce, failure to implement the United States–Korea Free Trade Agreement places as many as 345,000 United States jobs and \$35 billion in United States exports at risk if the completed European Union–Korea free trade agreement and the pending Canada–Korea free trade agreement go into effect before the United States–Korea Free Trade Agreement;

Whereas Peru has concluded a free trade agreement with South Korea that is scheduled to be ratified by July 2011;

Whereas South Korea and Australia agreed on April 25, 2011, to conclude a free trade agreement by the end of the year;

Whereas South Korea is also negotiating major free trade agreements with Chile, New Zealand, and Mexico;

Whereas South Korea, China, and Japan have formed a Joint Study Committee to discuss the formation of a tri-lateral free trade agreement;

Whereas the current state of relations between North Korea and South Korea call for closer ties between the United States and its close ally South Korea;

Whereas, on March 26, 2010, the South Korean naval vessel, Cheonan was sunk, the cause of which was a torpedo fired by North Korea submarine, as determined by the Joint Civilian-Military Investigation Group composed of South Korean government officials and experts from the United States, Australia, the United Kingdom, and the Kingdom of Sweden, in a premeditated act in violation of the 1953 Armistice Agreement with South Korea;

Whereas, on November 23, 2010, in a premeditated act in violation of the 1953 Armistice Agreement with South Korea, North Korean military forces fired artillery shells at the South Korean island of Yeonpyeong, killing two South Korean marines and two civilians and injuring sixteen other members of the South Korean armed forces;

Whereas prompt approval of the United States–Korea Free Trade Agreement by Congress will encourage the National Assembly of South Korea to approve promptly the United States–Korea Free Trade Agreement;

Whereas the United States–Korea Free Trade Agreement respects United States sovereignty by providing for a voluntary, non-binding trade dispute resolution process involving a representative from South Korea, a representative of the United States, and a representative from a mutually agreed-upon third country;

Whereas under the United States–Korea Free Trade Agreement any adverse dispute settlements against the United States are not self-executing and require implementation by the President or Congress;

Whereas the United States–Korea Free Trade Agreement respects United States sovereignty by imposing no obligations as to immigration;

Whereas the United States–Korea Free Trade Agreement respects United States sovereignty by placing no restrictions on the United States to regulate investment activity in accordance with environmental concerns;

Whereas the United States–Korea Free Trade Agreement encourages investment opportunities in the United States and protects the property rights of South Korean inves-

tors on an equal but not greater legal basis than that of United States investors;

Whereas, on April 18, 2011, the President issued an Executive Order Prohibiting Certain Transactions with Respect to North Korea, stating “the importation into the United States, directly or indirectly, of any goods, services, or technology from North Korea is prohibited.”;

Whereas any export from North Korea to the United States must be licensed by the Department of the Treasury’s Office of Foreign Asset Control;

Whereas United States Customs and Border Protection, with cooperation by the South Korean Government, prevents transshipment from North Korea by ensuring that all parts comply with rules of origin and are properly documented, and furthermore investigates any claims of non-compliant shipment and seizes such shipments before they enter the United States;

Whereas any change to United States bans on exports from North Korea to the United States requires an Act of Congress;

Whereas the United States–Korea Free Trade Agreement provides only for a committee to conduct non-binding discussions between the United States and South Korea regarding outward processing zones that may be designated as originating from South Korea;

Whereas it is the position of the current presidential administration and the prior presidential administration that any recommendation regarding outward processing zones requires an Act of Congress to take any effect; and

Whereas Ambassador Demetrios Marantis, Deputy United States Trade Representative, testified before an April 7,

2011, hearing of the United States House of Representatives, Committee on Ways and Means, Subcommittee on Trade, that goods from Kaesong Industrial Complex do not receive any benefits under the United States–Korea Free Trade Agreement and that any change to current treatment of such goods requires the Congress to pass and the President to sign legislation: Now, therefore, be it

1 *Resolved*, That—

2 (1) the House of Representatives recognizes
3 that the implementation of the United States–Korea
4 Free Trade Agreement will—

5 (A) create jobs in the United States;

6 (B) increase export opportunities for busi-
7 nesses, auto manufacturers, and agricultural
8 producers in the United States; and

9 (C) further develop cross-cultural business
10 relationships between the United States and
11 South Korea; and

12 (2) it is the sense of the House of Representa-
13 tives that—

14 (A) it is in the security, economic, and dip-
15 lomatic interests of the United States to en-
16 hance relationships with South Korea, by imme-
17 diately approving the United States–Korea Free
18 Trade Agreement;

1 (B) the President, in consultation with
2 Congress, should immediately submit legislation
3 implementing the United States–Korea Free
4 Trade Agreement to Congress;

5 (C) such implementing legislation should
6 be drafted such that it qualifies for expedited
7 (“fast track”) legislative procedures set forth in
8 the Bipartisan Trade Promotion Authority Act
9 of 2002 by approving the agreement “entered
10 into” in 2007 and including provisions enact-
11 ing, amending, or repealing existing U.S. laws
12 only to the extent that the provisions are “nec-
13 essary or appropriate” for the implementation
14 of the agreement “entered into” in 2007; and

15 (D) Congress should promptly consider
16 and enact this implementing legislation under
17 fast track procedures pursuant to the Bipar-
18 tisan Trade Promotion Authority Act of 2002.

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