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# Few New Jobs Expected Soon From Free-Trade Agreement With South Korea

By SEWELL CHAN

WASHINGTON — The revised free-trade agreement with South Korea announced on Friday by the Obama administration has gotten acclaim from corporate leaders and Congressional Republicans.

But the pact is likely to result in little if any net job creation in the short run, according to the government's own analysis.

Praising the deal reached by his trade negotiators, [President Obama](#) said on [Monday](#) that the accord would “boost our annual exports to South Korea by \$11 billion” and “support at least 70,000 American jobs.”

The Obama administration has been careful to use the verb “support,” not “create.”

In fact, the effect of the agreement on aggregate output and employment in the United States “would likely be negligible,” according to a federal study, largely because the United States economy is so much larger than that of South Korea. Indeed, the study found, the country's overall trade deficit with the rest of the world is likely to grow slightly as a result of the agreement.

But the deal is likely to be beneficial to particular industries, including the Detroit automakers and

manufacturers of industrial and electronic equipment and high-technology products like pharmaceuticals and medical devices, according to that study.

American manufacturers of textiles and clothing could be hurt, however, as relatively high American tariffs on those products are reduced.

The study was conducted in 2007 by the [United States International Trade Commission](#), an independent agency that analyzed the effect of imports on the American economy, after the Bush administration negotiated the original agreement with South Korea.

That agreement languished in Congress, where approval by both houses is required for a free-trade agreement to take effect. In June, President Obama agreed to reopen negotiations on reviving the stalled accord.

After a round of talks in Seoul failed to produce a deal last month, the United States trade representative, Ron Kirk, and his Korean counterpart, Kim Jong-hoon, met last week for an intense round of negotiations.

According to White House officials, the main sticking point concerned Korean barriers to American auto imports. Support for automakers has been a central motif of the Obama administration, which bailed out [General Motors](#) and [Chrysler](#) last year.

The White House consulted with the [Ford Motor Company](#), the [United Automobile Workers](#), and two House members from Michigan who will play a pivotal role in getting the agreement through Congress: Representative Sander M. Levin, the Democratic chairman of the House Ways and Means Committee, and Representative Dave Camp, the senior Republican on the panel, who will become chairman next month.

[Alan R. Mulally](#), chief executive of [Ford](#), met with [Timothy F. Geithner](#), the [Treasury](#) secretary, and [Lawrence H. Summers](#), the director of the National Economic Council. Mr. Mulally abandoned his opposition to the accord after the Koreans agreed to give the Americans more time to phase out their

## 2.5 percent tariff on imports of Korean cars.

The focus on autos came with a price: the United States did not make headway on lifting South Korea's ban on imports of American beef from cattle older than 30 months, a ban that was the result of an outbreak of mad-cow disease in 2003.

The Americans also agreed to a small concession on pork. The 2007 agreement called for eliminating Korean tariffs on most imports of pork products effective 2014; that has now been pushed back to 2016.

“To get a final agreement, we needed to give a little, we needed to take one for the team,” said Sam Carney, president of the National Pork Producers Council. “This is still a good deal for us.”

While the immediate job impact could be minimal, American corporations seeking to grow their export markets have been avid supporters of the agreement. [Wal-Mart](#), [AT&T](#), [General Electric](#), [Intel](#), [Dow Corning](#), [Boeing](#), [JPMorgan Chase](#) and [Citigroup](#) all lauded the new deal, as did associations representing sectors like consumer electronics, movies and entertainment, poultry and egg producers and life insurers.

The pact is the largest trade accord since the [North American Free Trade Agreement](#), which the United States signed in 1993.

“It will contribute significantly to achieving my goal of doubling U.S. exports over the next five years,” Mr. Obama said on Saturday. “In fact, it's estimated that today's deal alone will increase American economic output by more than our last nine free trade agreements combined.”

The 2007 study, which was updated earlier this year, projected that American merchandise exports to Korea would increase by about \$10.1 billion to \$11.9 billion, while merchandise imports from Korea would rise by about \$6.4 billion to \$6.9 billion.

John Brinkley, a spokesman for the South Korean Embassy here, said, “The job creation potential is

actually higher than 70,000” adding that the 2007 study did not account for potential growth in the agricultural and service sectors.

In general, Korean tariffs are higher than American ones. But most Koreans are supporting the agreement, in part because they do not wish to depend too heavily on China, now their largest trading partner, according to Troy Stangarone of the Korea Economic Institute, a policy organization in Washington.

Ultimately, the deal’s greatest significance may lie in the signal it sends that the Obama administration is finally willing to move forward on trade deals.

Edward Alden and Scott A. Snyder, senior fellows at the [Council on Foreign Relations](#), said the new agreement was “certainly better for U.S. commercial interests” than the 2007 accord. However, they wrote in a report this week, “by waiting so long to re-engage with Korea on substantive negotiations, the Obama administration sent a signal to the rest of the world that advancing trade was not a high priority.”

*Peter Baker contributed reporting.*



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