

# President Bush to Sign CalChamber-Backed U.S.-Korea Free Trade Agreement



After a year-and-a-half of negotiations, U.S. President George W. Bush will sign the California Chamber of Commerce-supported U.S.-Korea Free Trade Agreement (FTA) on June 30.

On February 2, 2006, the United States and Korea

announced that they were beginning negotiations toward a bilateral FTA, with talks expected to take up to a year. The first round of negotiations on the U.S.-Korea FTA took place in June 2006, with further rounds in July, October and December. The talks encountered some difficulty while reviewing restrictions on the Korean film industry, as well as tariffs on textiles, automobiles and agricultural products.

## Trade Commission

The final hurdle for the FTA is an assessment of the agreement's impact, which took place this week before the U.S. International Trade Commission (ITC).

The Trade Act of 2002 requires the ITC to prepare a report that assesses the likely impact of a proposed FTA on the U.S. economy as a whole and on specific industry sectors and the interest of U.S. consumers.

In preparing the report, the ITC will review economic assessments regarding the agreement, including literature concerning any substantially equivalent proposed agreement. The ITC will provide a description of the analyses used and conclusions drawn in such literature and a discussion of areas of consensus and divergence between the ITC's analyses and conclusions and other economic assessments reviewed.

## Benefits of Agreement

Last week the U.S. House Committee on Foreign Affairs, Subcommittee on Terrorism, Nonproliferation and Trade met to review the benefits of the U.S.-Korea FTA.

Deputy U.S. Trade Representative Karan Bhatia testified before the committee highlighting the economic and trade benefits of a U.S.-Korea FTA.

"From an economic perspective, the U.S.-Korea FTA offers the U.S. an opportunity to grow our already significant bilateral trade and investment relationship with one of the world's most diversified and vibrant economies," said Bhatia. "With its fast-growing, dynamic economy and industries and its creative people, South Korea is precisely the kind of business partner America needs."

Bhatia explained that the FTA would grant unprecedented access to the South Korean market. Under the FTA, nearly 95 percent of bilateral trade in consumer and industrial products becomes duty-free within three years of the FTA's entry into

force, including key U.S. exports such as electronic machinery and parts, auto parts, power generation equipment, most chemicals, and medical and scientific equipment.

U.S. farmers and ranchers would benefit from the fact that more than half of current U.S. farm exports to South Korea will become duty-free immediately, including high-value agricultural products such as almonds, pistachios, wine and cherries. For many other key agricultural goods, such as pork and citrus products, the FTA will provide unparalleled access to the South Korean market and its prosperous consumer base.

For U.S. investors operating in South Korea, the FTA establishes a stable legal framework that will protect all forms of investment. Under nearly all circumstances, U.S. investors will enjoy the right to establish, acquire and operate investments in South Korea on equal footing with local investors, and investor protections will be backed by a transparent, binding international arbitration mechanism, Bhatia said.

## Anticipated Action

Resolution of the FTA comes just a week before President Bush's power under trade promotion authority to sign trade deals without their being subject to congressional amendment is due to expire. Negotiations are underway to extend the trade promotion authority process. Both countries' legislative bodies still must approve the FTA.

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## Fair to Showcase California Technology in China

California companies will have an opportunity to showcase innovative products in China at the California Technology Fair, set for October 10-13 in Shanghai.

Golden California, Inc. has partnered with Hannover Fairs USA to produce the event, featured as a "show within a show" and designed to specifically brand and showcase cutting-edge technologies developed across industry sectors in California.

The fair will provide exposure to more

than 40,000 government and private sector buyers and professional manufacturers. Matchmaking meetings can be arranged to suit each individual company's needs.

Industry and government leaders from both California and China will present seminars on the latest regulatory, intellectual property rights and policy developments that have a direct effect on California technology companies operating in or entering the China market.

For example, the California Trade Issues Forum will include sessions on topics such as: intellectual property protection in Asia; overcoming barriers to trade with Asia; mistakes to avoid in doing business in Asia; "market patience" — what does it mean; security devices and services to protect intellectual property; how to get started in the Asian markets.

For a comprehensive breakdown of the exhibitor package levels, visit [www.hf-usa.com/cebitasia\\_california](http://www.hf-usa.com/cebitasia_california).